

***MADISON COUNTY PARK DISTRICT  
MADISON COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Park Board of Commissioners  
Madison County Park District  
1 North Main Street  
P.O. Box 47  
London, Ohio 43140

We have reviewed the *Report of Independent Accountants* of Madison County Park District, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Madison County Park District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 16, 2009

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**MADISON COUNTY PARK DISTRICT  
MADISON COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2008 and 2007**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Madison County Park District  
Madison County  
1 North Main Street  
P.O. Box 47  
London, Ohio 43140

To the Park Board of Commissioners:

We have audited the accompanying financial statements of the Madison County Park District, Madison County (the District), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District, as of December 31, 2008 and 2007, and its cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

June 24, 2009



MADISON COUNTY PARK DISTRICT  
MADISON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2007	2008
<b>Cash Receipts:</b>		
Grants	-	\$ 610,000
Other Receipts	\$ 19,950	-
Total Cash Receipts	19,950	610,000
<b>Cash Disbursements:</b>		
Current:		
Supplies	222	-
Rentals	649	1,775
Contracts - Repairs	1,224	-
Contracts - Services	7,055	7,214
Advertising and Printing	-	99
Other Expenses	2,941	50
Capital Outlay	-	489,649
Total Cash Disbursements	12,091	498,787
Cash Receipts Over Cash Disbursements	7,859	111,213
<b>Other Financing Receipts:</b>		
Contributions	8,000	5,000
Total Other Financing Receipts	8,000	5,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	15,859	116,213
Cash Balance, January 1	5,864	21,723
Cash Balance, December 31	\$ 21,723	\$ 137,936

See accompanying Notes to the Financial Statements

**MADISON COUNTY PARK DISTRICT**  
**MADISON COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County Park District, Madison County, Ohio (the District) as a body corporate and politic. The probate judge of Madison County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

The Friends of the Madison County Parks and Trails (the Friends) is considered a component unit of the District because of its close relationship with the District. The Friends was organized to provide services specifically for the District. The Friends does not issue separate financial statements and financial information is not included on the District's financial statements. To obtain information on the Friends, contact Bill Young, Treasurer, at P.O. Box 308, London, Ohio 43140.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. BASIS OF ACCOUNTING

The District prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

As the Ohio Revised Code permits, the Madison County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

**MADISON COUNTY PARK DISTRICT  
MADISON COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BUDGETARY PROCESS

The Ohio Revised Code requires the Board of Commissioners to budget annually.

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the District Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

2. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

E. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MADISON COUNTY PARK DISTRICT  
MADISON COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2008 and 2007**

2. BUDGETARY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

Budgeted vs Actual Receipts

<u>Year</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2008	\$633,723	\$ 615,000	\$(18,723)
2007	27,950	27,950	-0-

Budgeted vs Actual Budgetary Basis Expenditures

<u>Year</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
2008	\$645,000	\$ 498,787	\$ 146,213
2007	27,950	12,091	15,859

3. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

4. RELATED PARTY TRANSACTIONS

Madison County contributed \$5,000 in 2008 and \$8,000 on 2007 to the District. These contributions were used to help defray operating cost of the District.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Madison County Park District  
Madison County  
1 North Main Street  
P.O. Box 47  
London, Ohio 43140

To the Park Board of Commissioners:

We have audited the financial statements of the Madison County Park District, Madison County (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 24, 2009, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we have identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe item 2008-1 described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2008-1.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the District in a separate letter dated June 24, 2009.

This report is intended solely for the information and use of the audit committee, management and the Park Board of Commissioners. It is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***

June 24, 2009

**MADISON COUNTY PARK DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS</b></p>
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**Finding 2008-1  
Material Non-Compliance – Material Weakness**

**Interest Earned on Park District Money**

Ohio Rev. Code Section 1545.22(B)(1) requires interest earned on all funds under control of the Board of Park Commissioners to be credited to such funds.

Madison County has not posted any interest to the Park District Fund. Because of this, interest due to the Park District has been allocated to other funds and has not been available to the Park District.

We recommend that the County Treasurer and the Park District Board of Commissioners calculate the amount of interest due to the Park District. We also recommend that the County Treasurer, at a minimum post interest to the Park District account annually.

**MADISON COUNTY PARK DISTRICT  
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Park District Board did not have monitoring controls in place.	Yes	Finding no longer valid
2006-002	Contrary to Rev. Code Section 1545.22(B)(1), the Madison County Treasurer did not allocate interest to the Park District Fund.	No	Repeated as finding number 2008-1





**Mary Taylor, CPA**  
Auditor of State

**MADISON COUNTY PARK DISTRICT**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 28, 2009**