



**Auditor of State
Betty Montgomery**

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12

This page intentionally left blank



**Auditor of State
Betty Montgomery**

Portage County Park District
Portage County
449 South Meridian St.
Ravenna, Ohio 44266

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 1, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Portage County Park District
Portage County
449 South Meridian St.
Ravenna, Ohio 44266

To the Board of Commissioners:

We have audited the accompanying financial statements of the Portage County Park District, Portage County, (the District) as of and for the years ended December 31, 2005 and 2004. 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 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 this 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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position for the years then ended.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Portage County Park District, Portage County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements 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, 2005 and 2004. 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 September 1, 2006, 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 did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control 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.



Betty Montgomery
Auditor of State

September 1, 2006

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Type			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Grants	\$5,000	\$5,000	\$4,000	\$14,000
Investment Income	3,129			3,129
Gifts and Donations	11,581			11,581
Local Government Funds	166,692			166,692
Other Receipts	20,207		240	20,447
	206,609	5,000	4,240	215,849
Total Cash Receipts	206,609	5,000	4,240	215,849
Cash Disbursements:				
Current:				
Salaries - Employees	76,568			76,568
Materials	14,108			14,108
Contracts - Projects	4,500		332,370	336,870
Contracts - Services	33,430			33,430
Rentals	6,097			6,097
Advertising and Printing	1,266			1,266
Travel	2,721			2,721
Public Employees Retirement	10,376			10,376
Workers' Compensation	1,372			1,372
Capital Outlay	660,273		145	660,418
Other	29,520			29,520
	840,231	0	332,515	1,172,746
Total Cash Disbursements	840,231	0	332,515	1,172,746
Total Receipts Over/(Under) Disbursements	(633,622)	5,000	(328,275)	(956,897)
Other Financing Receipts/(Disbursements):				
Loan Proceeds	362,000			362,000
Sale of Donated Stock	304,225			304,225
Advances-In	61,152		170,000	231,152
Advances-Out	(170,000)		(61,152)	(231,152)
	557,377	0	108,848	666,225
Total Other Financing Receipts/(Disbursements)	557,377	0	108,848	666,225
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(76,245)	5,000	(219,427)	(290,672)
Fund Cash Balances, January 1	135,898	83	310,181	446,162
Fund Cash Balances, December 31	\$59,653	\$5,083	\$90,754	\$155,490
Reserves for Encumbrances, December 31	\$10,493	\$0	\$12,372	\$22,865

The notes to the financial statements are an integral part of this statement.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Type			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Grants	\$83,945	\$8,183	\$164,297	\$256,425
Investment Income	2,788			2,788
Gifts and Donations	17,558			17,558
Local Government Funds	58,033			58,033
Other Receipts	12,961		525	13,486
	175,285	8,183	164,822	348,290
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries - Employees	68,584			68,584
Materials	10,036			10,036
Equipment	2,982			2,982
Contracts - Projects	12,436	8,100	119,798	140,334
Contracts - Services	46,288		11,712	58,000
Rentals	5,590			5,590
Travel	2,909			2,909
Public Employees Retirement	9,293			9,293
Workers' Compensation	1,839			1,839
Capital Outlay			338	338
Debt:				
Payment of Principal			370,562	370,562
Other	24,008			24,008
	183,965	8,100	502,410	694,475
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(8,680)	83	(337,588)	(346,185)
Other Financing Receipts/(Disbursements):				
Loan Proceeds	370,561			370,561
Advances-In	8,000		295,000	303,000
Advances-Out	(295,000)		(8,000)	(303,000)
	83,561	0	287,000	370,561
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	74,881	83	(50,588)	24,376
Fund Cash Balances, January 1	61,017	0	360,769	421,786
Fund Cash Balances, December 31	\$135,898	\$83	\$310,181	\$446,162
Reserves for Encumbrances, December 31	\$13,564	\$0	\$203,826	\$217,390

The notes to the financial statements are an integral part of this statement.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Portage County Park District, Portage County, (the District) as a body corporate and politic. The probate judge of Portage 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 may convert acquired land into forest reserves. 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 District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code permits, the Portage 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.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

Breakneck Creek Watershed – This fund receives proceeds from grants for the preservation of Breakneck Creek.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Funds:

Franklin Connector Trail Improvement Fund - This fund received proceeds from grants for the improvement of a park trail.

Headwaters Trail Improvement Fund - This fund received proceeds from grants for the improvement of a park trail.

Towner's Woods Rail Construction Fund - This fund received proceeds from grants for the construction of a park trail.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005-2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,004,544	\$872,834	(\$131,710)
Special Revenue	10,084	5,000	(5,084)
Capital Projects	680,622	4,240	(676,382)
Total	\$1,695,250	\$882,074	(\$813,176)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,309,206	\$850,724	\$458,482
Special Revenue	10,000	0	10,000
Capital Projects	624,264	344,887	279,377
Total	\$1,943,470	\$1,195,611	\$747,859

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$591,079	\$545,846	(\$45,233)
Special Revenue	8,184	8,183	(1)
Capital Projects	1,164,029	164,822	(999,207)
Total	\$1,763,292	\$718,851	(\$1,044,441)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$524,977	\$197,529	\$327,448
Special Revenue	8,183	8,100	83
Capital Projects	897,496	706,236	191,260
Total	\$1,430,656	\$911,865	\$518,791

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. DEBT

Debt outstanding at December 31, 2005:

	Principal	Interest Rate
General Obligation Notes-Loan 1	\$362,000	5.00%
General Obligation Notes-Loan 2	370,561	
Total	\$732,561	

On August 23, 2004, the District repaid the Portage County Commissioners the two outstanding loans due as of 12/31/03 in the amount of \$370,562. That same day a new interest free loan agreement was entered into between the District and the Portage County Commissioners in the amount of \$370,561 in anticipation of the District's receipt of various grant funds.

The District assumed a mortgage note in August 2005 in the amount of \$362,000 at 5 percent for a term of 5 years to purchase additional land. Five annual payments of \$83,613 are due to the seller by August 1, 2006-2010. The District has a pledge agreement from a donor to receive 5 annual donations in the amount of \$83,613, starting August 1, 2006.

These debts are backed by the full faith of the District.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Loan-1	General Obligation Loan-2
2006	\$83,613	\$370,561
2007	83,613	
2008	83,613	
2009	83,613	
2010	83,613	
Total	\$418,065	\$370,561

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RISK MANAGEMENT

Risk Pool Membership

The Commission is a member of The County Risk Sharing Authority (CORSA) which is a property and liability self insurance pool that was established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners from member counties. The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program.

Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

These coverages include comprehensive general liability, automobile liability, certain property insurance, public officials liability and police professional insurance.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The Commission does not have an equity interest in CORSA.

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Portage County Park District
Portage County
449 South Meridian St.
Ravenna, Ohio 44266

To the Board of Commissioners:

We have audited the financial statements of the Portage County Park District, Portage County, (the District) as of and for the years ended December 2005 and 2004, and have issued our report thereon dated September 1, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated September 1, 2006, we reported an other matter related to noncompliance we deemed immaterial.

Portage County Park District
Portage County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Park Commissioners. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 1, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PORTAGE COUNTY PARK DISTRICT

PORTAGE 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
OCTOBER 17, 2006**