



**Auditor of State
Betty Montgomery**

ROSS COUNTY PARK DISTRICT
ROSS COUNTY

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**Auditor of State
Betty Montgomery**

Ross County Park District
Ross County
15 North Paint Street, Suite 301
Chillicothe, Ohio 45601

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 District 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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 17, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ross County Park District
Ross County
15 North Paint Street, Suite 301
Chillicothe, Ohio 45601

To the Board of Commissioners:

We have audited the accompanying financial statements of the Ross County Park District, Ross County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 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 December 31, 2004. Instead of the combined funds the accompanying financial statements presented 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 December 31, 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 December 31, 2004 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 and reserves for encumbrances of the Ross County Park District, Ross County, Ohio as of December 31, 2005 and December 31, 2004, and its combined cash receipts, disbursements and reserve for encumbrances 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 December 31, 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 July 17, 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

July 17, 2006

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$0	\$186,043	\$186,043
Local Government Contributions	140,000	0	\$140,000
Other Receipts	7,514	0	\$7,514
	<u>147,514</u>	<u>186,043</u>	<u>333,557</u>
Cash Disbursements:			
Current:			
Salaries - Employees	30,698	0	30,698
Supplies	69	0	69
Grants	4,000	0	4,000
Equipment	2,876	0	2,876
Contracts - Services	84	159,719	159,803
Contracts - Repairs	5,000	0	5,000
Utilities	1,293	0	1,293
Public Employees Retirement	3,564	0	3,564
Workers' Compensation	2,064	0	2,064
Medicare	405	0	405
Other	8,352	0	8,352
Nature Works	11,819	56,515	68,334
Recreational Trail	65,348	80,000	145,348
	<u>135,572</u>	<u>296,234</u>	<u>431,806</u>
Total Receipts Over Disbursements	11,942	(110,191)	(98,249)
Fund Cash Balances, January 1	51,125	223,469	274,594
Fund Cash Balances, December 31	<u>\$63,067</u>	<u>\$113,278</u>	<u>\$176,345</u>
Reserves for Encumbrances, December 31	<u>\$3,918</u>	<u>\$0</u>	<u>\$3,918</u>

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

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$0	\$236,236	\$236,236
Local Government Contributions	175,000	150,411	325,411
Other Receipts	400	204	604
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	175,400	386,851	562,251
Cash Disbursements:			
Current:			
Salaries - Employees	24,773	0	24,773
Supplies	278	0	278
Grants	7,951	0	7,951
Equipment	416	0	416
Contracts - Services	60,448	16,236	76,684
Contracts - Repairs	721	0	721
Utilities	823	0	823
Public Employees Retirement	3,364	0	3,364
Workers' Compensation	723	0	723
Medicare	349	0	349
Other	9,777	0	9,777
Nature Works	6,816	24,288	31,104
Recreational Trail	8,614	166,863	175,477
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	125,053	207,387	332,440
Total Receipts Over Disbursements	50,347	179,464	229,811
Fund Cash Balances, January 1	778	44,005	44,783
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$51,125</u>	<u>\$223,469</u>	<u>\$274,594</u>
Reserves for Encumbrances, December 31	<u>\$36,692</u>	<u>\$0</u>	<u>\$36,692</u>

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

**ROSS COUNTY PARK DISTRICT
ROSS 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 Ross County Park District, Ross County, Ohio, (the District) as a body corporate and politic. The probate judge of Ross 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 of Commissioners 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 disclosures of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code permits, the Ross County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its cash and 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.

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Funds:

Buzzards Roost Expansion Fund – This fund received grant monies from Ohio Department of Natural Resources for park expansion and enhancements.

Adena Recreational Trail Fund - This fund received grant monies from Ohio Department of Natural Resources for trail creation.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$147,247	\$147,514	\$267
Special Revenue	186,063	186,043	(20)
Total	\$333,310	\$333,557	\$247

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,860	\$139,490	\$18,370
Special Revenue	161,776	296,234	(134,458)
Total	\$319,636	\$435,724	(\$116,088)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,157	\$175,400	\$2,243
Special Revenue	386,647	386,851	204
Total	\$559,804	\$562,251	\$2,447

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$177,120	\$161,745	\$15,375
Special Revenue	598,127	207,387	390,740
Total	\$775,247	\$369,132	\$406,115

Contrary to Ohio law, appropriations exceeded estimated resources in the Buzzards Roost Fund and the Adena Recreational Trail Fund for year ended December 31, 2004. Also, contrary to Ohio law, expenditures exceeded appropriations in the Adena Recreational Trail Fund for year ended December 31, 2005.

3. RETIREMENT SYSTEMS

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 the plans 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 9.55 percent and 8.5 percent of their wages. 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.

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.



**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***

Ross County Park District
Ross County
15 North Paint Street, Suite 301
Chillicothe, Ohio 45601

To the Board of Commissioners:

We have audited the financial statements of the Ross County Park District, Ross County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated July 17, 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 in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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 certain instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001, 2005-002, and 2005-003. In a separate letter to the District's management dated July 17, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, the management and the Board of 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

July 17, 2006

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005-001
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MATERIAL NON-COMPLIANCE/REPORTABLE CONDITION

Accounting Records

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to identify assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Per Ohio Admin Code Section 117-2-02(D), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

This Code Section also indicates that all local public offices should maintain capital asset records, including such information as the original cost, acquisition date, voucher number, the asset type, asset description, location and tag number.

The District did not maintain a cash journal, receipt ledger or capital asset records during the audit period. The District did maintain appropriation ledgers but these were not reconciled back to the accounting system of the fiscal agent, Ross County. The District relied on the fiscal agent's financial reports and did not prepare their own reports. This could lead to posting discrepancies or errors going undetected. This also led to audit adjustments to post grant activity to special revenue funds since the fiscal agent posted these transactions to the District's general fund and the District did not reconcile these to their records.

We recommend the District maintain all the ledgers required by the Ohio Administrative Code. We also recommend that the Board of Commissioners periodically review these records to ensure the existence, accuracy and completeness of the ledgers.

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2005-001 (Continued)
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MATERIAL NON-COMPLIANCE/REPORTABLE CONDITION (Continued)

Accounting Records (Continued)

Official's Response

Steps are being taken to comply. Some actions include:

- meeting with Ross County Auditor's staff to insure separate funds/accounts and tracking of specific grants;
- maintaining pay-in and appropriation ledgers;
- improving monthly reconciliations

In short, the District will strive to work more closely with our fiscal officer to ensure that all park district funds are placed in a matter allowing for a more clear receipt and spending trail.

Finding Number	2005-002
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MATERIAL NON-COMPLIANCE

Appropriations Exceeding Estimated Resources

Ohio Rev. Code Section 5705.28 (B)(2)(a) states that the total appropriations from each fund of a taxing unit that does not levy a tax shall not exceed the total estimated revenue available for expenditures from the fund, and appropriations shall be made from each fund only for the purposes for which the fund is established.

At December 31, 2004, the District had appropriations exceeding estimated resources in the following funds:

Fund	Total Resources Available for Expenditures	Appropriations	Variance
Adena Recreational Trail	\$370,411	\$466,863	(\$96,452)
Buzzard Roost	\$44,005	\$115,028	(\$71,023)

This could lead to overspending and other noncompliance citations.

We recommend the District monitor the budget and file an amended certificate of estimated resources whenever it becomes evident that appropriations need to be increased to ensure that appropriations do not exceed estimated resources.

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2005-002 (Continued)
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MATERIAL NON-COMPLIANCE (Continued)

Appropriations Exceeding Estimated Resources (Continued)

Official's Response

Steps are being taken to comply. Some actions include:

- meeting with Ross County Auditor's staff to ensure separate funds/accounts and tracking of specific grants;
- maintaining pay-in and appropriation ledgers;
- improving monthly reconciliations, and;
- ensuring timely appropriations, proper certification of funds and correct appropriation/expenditure balances.

Finding Number	2005-003
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Expenditures in Excess of Appropriations

Ohio Rev. Code Section 5705.41 (B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in such chapter.

At December 31, 2005, the District had expenditures exceeding appropriations in the amount of \$134,458 for Adena Recreational Trail Fund.

This could lead to the District overspending.

We recommend the District monitor the expenditures and the budget to ensure that expenditures do not exceed appropriations.

Official's Response

Steps are being taken to comply. Some actions include:

- meeting with Ross County Auditor's staff to ensure separate funds/accounts and tracking of specific grants;
- maintaining pay-in and appropriation ledgers;
- improving monthly reconciliations, and;
- ensuring timely appropriations, proper certification of funds and correct appropriation/expenditure balances.

**ROSS COUNTY PARK DISTRICT
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Section 5705.41 (B)- Expenditures exceeded approved appropriations	No	Corrected for 2004, but had material non-compliance in 2005.



**Auditor of State
Betty Montgomery**

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ROSS COUNTY PARK DISTRICT

ROSS 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
SEPTEMBER 7, 2006**