



Mary Taylor, CPA  
Auditor of State



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Centerville-Washington Park District  
Montgomery County  
221 North Main Street  
Centerville, Ohio 45459

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centerville-Washington Park District, Montgomery County, (the District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Centerville-Washington Park District, Montgomery County, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2007, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

August 6, 2007

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Unaudited)**

This discussion and analysis of the Centerville-Washington Park District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2006 within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- The net assets of governmental activities decreased by \$1,187,826 or 22% in 2006 as planned capital improvements were constructed.
- The District's general receipts are primarily property taxes. Property tax receipts for 2006 increased 1% over 2005.
- The balance in the District's land acquisition funds continued to grow in 2006 with transfers from the General Fund to ensure adequate funds for future planned land acquisitions.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the district-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Unaudited)  
(Continued)**

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds are the General Fund, Land Acquisition Fund, and Debt Service Fund. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in Other Governmental Funds. The Park Improvement Fund and the Washington Township Park Fund are classified as non-major. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Fiduciary Funds** – The fiduciary fund is used to account for resources held for the benefit of parties outside the District. The fiduciary fund is not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs. The District's only trust fund accounts for monies donated by The William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects as approved by the trust.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Unaudited)  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2006 compared to 2005 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$4,092,747	\$5,280,573
<b>Net Assets</b>		
<b>Restricted for:</b>		
Capital Projects	\$2,612,229	\$2,723,516
Unrestricted	1,480,518	2,557,057
Total Net Assets	4,092,747	\$5,280,573

As mentioned previously, net assets of governmental activities decreased \$1,187,826 during 2006. The decrease during 2006 occurred due to spending on park improvement projects. The decrease in 2006 in the restricted net assets was due to capital improvements completed at the Activity Center Park.

Table 2 reflects the changes in net assets in 2006 compared to 2005.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services	\$ 72,232	\$ 72,277
Operating Grants and Contributions	35,019	150,732
Capital Grants and Contributions		201,641
Total Program Receipts	107,251	424,650
<b>General Receipts:</b>		
General Property Tax	3,594,603	3,560,310
Intergovernmental Revenue	469,073	489,120
Gifts and Donations	786	1,090
Depository Interest	241,627	164,349
Bond Sale		2,000,000
Other Receipts	24,872	12,299
Total General Receipts	4,330,961	6,227,168
Total Receipts	4,438,212	6,651,818

(Continued)

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Unaudited)  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Disbursements:</b>		
Salaries - Employees	1,241,087	1,146,747
Improvements	2,165,314	1,612,291
Operations	348,826	267,577
Equipment	286,654	135,930
Professional Services	18,336	24,596
Utilities & Fees	197,812	212,436
Office Operations	51,483	49,538
Program/Recreation	37,744	41,440
Capital Outlay	420,909	211,148
Public Employees Retirement	144,742	131,749
Workers' Compensation	30,251	26,428
Unemployment compensation		922
Other	20,342	53,225
Payment of Principal on Debt	570,000	360,000
Payment of Interest on Debt	89,768	76,706
Total Disbursements	<u>5,623,268</u>	<u>4,350,733</u>
Excess (Deficiency) Before Transfers	(1,185,056)	2,301,085
Transfers	(2,770)	(1,677)
Increase (Decrease) in Net Assets	<u>(\$1,187,826)</u>	<u>\$2,299,408</u>

Program receipts represented 2.4 percent of total receipts in 2006. Charges for services, 1.6 percent of total receipts in 2006, were primarily comprised of fees for camps, tennis lessons, adult athletic leagues, and facility reservations. Operating grants and contributions in 2006 included donations restricted to specific uses including \$20,000 from the Centerville Wee Elks Organization for improvements at Schoolhouse Park, \$8,000 from the Centerville Kiwanis Club for the all-access playground at the Activity Center Park, and \$5,990 from the Centerville Baseball League for ball diamond improvements.

A ten-year 2.0 mill operating levy approved by voters in 1997 supports Park District operations along with a ten-year 0.9 mill levy approved by voters in 2004 for park improvements. These local taxes make up the largest portion of receipts for the Park District.

Disbursements in 2006 included major park development at Oak Grove Park, the Activity Center Park, and Grant Park.

**The District's Funds**

2006 total governmental funds included receipts of \$4,438,212 and disbursements of \$5,623,268. The fund balance of the General Fund decreased by \$1,076,539 as planned park improvements were completed. Capital spending levels can vary from year to year as projects are completed as scheduled in the District's ten-year plan.

The Land Acquisition Fund continues to grow until the funds are needed for planned land acquisitions in the District.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Unaudited)  
(Continued)**

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

In 2006, the District received higher than anticipated property tax revenues, donations, program income, and other income. The District did not receive the 2006 budgeted \$95,351 Ohio NatureWorks grant reimbursement until 2007.

Final disbursements were budgeted at \$5,522,370 in the general fund while actual disbursements totaled \$4,903,885. The savings in the improvements account were primarily for the rescheduling of improvement projects at Oak Grove Park and several neighborhood parks.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2006, the District's outstanding debt included \$1,805,000 in general obligation bonds. For further information regarding the District's debt, refer to Note 9 to the basic financial statements.

**Current Financial Issues**

The District was awarded \$95,351 from the Ohio NatureWorks fund for the all-access playground and group picnic shelter at the Activity Center Park. While most of the costs for this project were incurred in 2006, these funds will be reimbursed in 2007.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Business Manager, Centerville-Washington Park District, 221 N. Main Street, Centerville, OH 45459.

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**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,092,747
Total Assets	<u>4,092,747</u>
<b>Net Assets:</b>	
<b>Restricted For:</b>	
<b>Capital Projects</b>	2,612,229
Unrestricted	1,480,518
Total Net Assets	<u><u>\$4,092,747</u></u>

*See accompanying notes to the basic financial statements.*

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>					
<b>Current:</b>					
Salaries - Employees	\$1,241,087				(\$1,241,087)
Improvements	2,165,314		\$24,120		(2,141,194)
Operations	348,826		6,499		(342,327)
Equipment	286,654				(286,654)
Professional Services	18,336				(18,336)
Utilities & Fees	197,812				(197,812)
Office Operations	51,483				(51,483)
Program/Recreation	37,744	\$72,232			34,488
Capital Outlay	420,909				(420,909)
Public Employees Retirement	144,742				(144,742)
Workers' Compensation	30,251				(30,251)
Other	20,342		4,400		(15,942)
<b>Debt:</b>					
Payment of Principal	570,000				(570,000)
Payment of Interest	89,768				(89,768)
<b>Total Governmental Activities</b>	<u>\$5,623,268</u>	<u>\$72,232</u>	<u>\$35,019</u>	<u>\$0</u>	<u>(5,516,017)</u>

**General Receipts**

Property Taxes Levied for General Purposes	3,594,603
Intergovernmental Revenue	469,073
Gifts and Donations	786
Depository Interest	241,627
Other Receipts	24,872
<b>Total General Receipts</b>	<u>4,330,961</u>
Transfer Out	<u>(2,770)</u>
<b>Total General Receipts and Transfers</b>	<u>4,328,191</u>
Change in Net Assets	(1,187,826)
Net Assets Beginning of Year	<u>5,280,573</u>
<b>Net Assets End of Year</b>	<u><u>\$4,092,747</u></u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Land Acquisition Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalent:	\$1,480,518	\$2,524,066		\$88,163	\$4,092,747
Total Assets	<u>1,480,518</u>	<u>2,524,066</u>		<u>88,163</u>	<u>4,092,747</u>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	361,293			30,041	391,334
<b>Unreserved:</b>					
<b>Undesignated (Deficit), Reported in:</b>					
General Fund	1,119,225				1,119,225
Capital Projects Fund		2,524,066		58,122	2,582,188
Total Fund Balances	<u>\$1,480,518</u>	<u>\$2,524,066</u>	<u>\$0</u>	<u>\$88,163</u>	<u>\$4,092,747</u>

*See accompanying notes to the basic financial statements.*

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**TATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Land Acquisition Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>					
General Property Tax	\$3,594,603				\$3,594,603
Intergovernmental Revenue	469,073				469,073
Gifts and Donations	35,805				35,805
Program Income	72,232				72,232
Depository Interest	241,627				241,627
Other Receipts	24,872				24,872
	<u>4,438,212</u>				<u>4,438,212</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Salaries - Employees	1,241,087				1,241,087
Improvements	2,165,314				2,165,314
Operations	348,826				348,826
Equipment	286,654				286,654
Professional Services	18,336				18,336
Utilities & Fees	197,812				197,812
Office Operations	51,483				51,483
Program/Recreation	37,744				37,744
Capital Outlay				\$420,909	420,909
Public Employees Retirement	144,742				144,742
Workers' Compensation	30,251				30,251
Other	20,342				20,342
<b>Debt:</b>					
Payment of Principal			\$570,000		570,000
Payment of Interest			89,768		89,768
Total Cash Disbursements	<u>4,542,591</u>		<u>659,768</u>	<u>420,909</u>	<u>5,623,268</u>
Total Receipts Over/(Under) Disbursements	<u>(104,379)</u>		<u>(659,768)</u>	<u>(420,909)</u>	<u>(1,185,056)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		\$169,588	659,768	140,034	969,390
Transfers-Out	(972,160)				(972,160)
Total Other Financing Receipts/(Disbursements)	<u>(972,160)</u>	<u>169,588</u>	<u>659,768</u>	<u>140,034</u>	<u>(2,770)</u>
Net Change in Fund Balance	(1,076,539)	169,588		(280,875)	(1,187,826)
Fund Cash Balances, Beginning of Year	<u>2,557,057</u>	<u>2,354,478</u>		<u>369,038</u>	<u>5,280,573</u>
Fund Cash Balances, End of Year	<u>\$1,480,518</u>	<u>\$2,524,066</u>	<u>\$0</u>	<u>\$88,163</u>	<u>\$4,092,747</u>

See accompanying notes to the basic financial statements.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
General Property Tax	\$3,550,948	\$3,527,396	\$3,594,603	\$67,207
Intergovernmental Revenue	579,096	561,534	469,073	(92,461)
Gifts and Donations	32,800	32,800	35,805	3,005
Program Income	70,000	70,000	72,232	2,232
Depository Interest	180,000	245,000	241,627	(3,373)
Other Receipts	14,000	14,000	24,872	10,872
Total Cash Receipts	<u>4,426,844</u>	<u>4,450,730</u>	<u>4,438,212</u>	<u>(12,518)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Salaries - Employees	1,335,284	1,335,284	1,273,620	61,664
Improvements	2,815,082	2,805,082	2,424,548	380,534
Operations	366,705	374,204	352,555	21,649
Equipment	381,056	318,557	291,824	26,733
Professional Services	26,088	31,088	25,054	6,034
Utilities & Fees	254,999	300,999	228,914	72,085
Office Operations	69,505	69,505	60,610	8,895
Program/Recreation	45,892	45,892	38,414	7,478
Public Employees Retirement	163,175	163,175	155,724	7,451
Workers' Compensation	32,000	32,000	30,250	1,750
Unemployment Compensation	2,000	2,000		2,000
Other	44,584	44,584	22,372	22,212
Total Cash Disbursements	<u>5,536,370</u>	<u>5,522,370</u>	<u>4,903,885</u>	<u>618,485</u>
Total Receipts Over/(Under) Disbursements	<u>(1,109,526)</u>	<u>(1,071,640)</u>	<u>(465,673)</u>	<u>605,967</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-Out	<u>(958,088)</u>	<u>(975,088)</u>	<u>(972,160)</u>	<u>2,928</u>
Net Change in Fund Balance	(2,067,614)	(2,046,728)	(1,437,833)	608,895
Fund Balances, Beginning of Year	1,691,537	1,691,537	1,691,537	
Prior Year Encumbrances Appropriated	<u>865,521</u>	<u>865,521</u>	<u>865,521</u>	
Fund Balances, End of Year	<u>\$489,444</u>	<u>\$510,330</u>	<u>\$1,119,225</u>	<u>\$608,895</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
PRIVATE PURPOSE TRUST FUND  
DECEMBER 31, 2006**

	<u>William and Dorothy Yeck Nature Fund</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$31,251
Total Assets	<u>31,251</u>
<b>Net Assets:</b>	
Unrestricted	31,251
Total Net Assets	<u><u>\$31,251</u></u>

*See accompanying notes to the basic financial statements.*

**CENTERVILLE WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>William and Dorothy Yeck Nature Fund</b>
<b>Additions:</b>	
Gifts and Donations	<u>\$29,672</u>
<b>Deductions:</b>	
Payments in Accordance with Trust Agreement	<u>65,207</u>
Change in Net Assets Before Transfers In	(35,535)
Transfers In	<u>2,770</u>
Change in Net Assets After Transfers In	(32,765)
Net Assets - Beginning of Year	<u>64,016</u>
Net Assets - End of Year	<u><u>\$31,251</u></u>

*See accompanying notes to the basic financial statements.*

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**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**1. DESCRIPTION OF THE PARK DISTRICT AND REPORTING ENTITY**

The Centerville-Washington Park District, Montgomery County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the Montgomery County Court of Common Pleas. The District acquires lands for conversion into forest reserves and for the conservation of the 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 the same as the Board deems conducive to the general welfare.

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Park District, this includes general operations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting the Auditor of State prescribes or permits. This basis of accounting is similar to the cash receipts and disbursements 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). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the year.

**A. Fund Accounting**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either governmental or fiduciary.

**1. Governmental:**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Park District's major governmental funds:

**General Fund** - This fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Land Acquisition Fund** - This fund is used to account for receipts that are restricted for land acquisition.

**Debt Service Fund** - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Park District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Park District's own programs. The District's only trust fund accounts for monies donated by The William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects.

**B. Basis of Presentation**

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

**1. Government-wide Financial Statement of Activities:**

This statement displays information about the District as a whole, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash-basis or draws from the District's general receipts.

**2. Fund Financial Statements:**

Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

**C. Cash, Cash Equivalents and Investments**

The District deposits and invests cash from all funds in a common pool. The financial statements present each fund's share of interest in the pool as equity in pooled cash and cash equivalents on the financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District values investments and cash equivalents at cost. For presentation on the financial statements, the District classifies investments of the cash management pool as cash equivalents.

Following Ohio statutes the District specified the funds to receive an allocation of interest earnings. Interest earnings credited to General Fund during fiscal year 2006 was \$241,627, including \$124,973 assigned from other funds.

**D. Restricted Assets**

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions.

**E. Inventory and Prepaid Items**

On the cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

**F. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Compensated Absences**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's -cash basis of accounting.

**H. Long-term Obligations**

These -cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

**I. Fund Balance Designations and Reserves**

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

**J. Net Assets**

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

For 2006, the statement of net assets reports \$2,612,229 of restricted net assets, of which none is restricted by enabling legislation.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**L. Budgetary Data**

Ohio law requires the District to budget and appropriate all funds. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the District may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the Function level within each fund as its legal level of control.

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

**M. Change in Accounting Principles**

For fiscal year 2006, the District has implemented *GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"*, *GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation"* and *GASB Statement No. 47, "Accounting for Termination Benefits."*

GASB Statement No. 42 established accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the District's financial statements for fiscal year 2006.

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets. The implementation of this statement had no effect the District's financial statements for fiscal year 2006.

GASB Statement No. 47 establishes accounting and financial standards for termination benefits. This statement clarifies and established reporting requirements for those benefits provided by employer to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the District's financial statements for fiscal year 2006.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**3. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during each year for real and public utilities property taxes represent collections of prior year taxes. Property tax payments received during each year for tangible personal property (other than public utility property) are for current year taxes.

Real property taxes are levied after October 1 on the assessed value as of January 1 the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

Tangible personal property taxes collected in the years reported are levied after October 1 of the prior year, on the value as of December 31 of the prior year. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the District. The County Auditor periodically remits to the District its portion of the taxes.

The full tax rate for all District operations for the years ended December 31, 2006 was \$2.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which property tax receipts were based are as follows:

<u>Category</u>	<u>2006 Collections 2005 Assessed Value</u>
Real Property	\$1,593,618,880
Public Utility Property	30,265,700
Tangible	43,399,696
Totals	<u>\$1,667,284,276</u>

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

Ohio law restricts deposits and investments to the following:

- a. Commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts;
- b. Money market deposits;
- c. Savings accounts or certificates of deposit;
- d. United States Treasury securities, or securities of its agencies or instrumentalities the federal government guarantees;
- e. No-load money market mutual funds consisting exclusively of obligations described in (4) above and repurchase agreements secured by such obligations;
- f. The State Treasurer's investment pool (STAR Ohio, a Rule 2-a7-like pool);
- g. Certain bankers' acceptances and commercial paper notes;
- h. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

An investment must mature within five years from the purchase date unless matched to a specific Park District obligation or debt and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

At year-end 2006, the carrying amounts of the District's deposits were \$2,852,013 and the bank balance was \$2,937,933. \$117,771 of the bank balances were covered by federal depository insurance and \$2,820,162 was uninsured and uncollateralized. Although the District followed all state statutory requirements for these deposits, noncompliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**B. Investments**

The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at December 31, 2006, was \$1,271,985.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, limiting investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in State Statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The District places no limit on the amount it may invest with any one issuer.

**5. INTERFUND TRANSFERS**

Interfund cash transfers for the years ended December 31, 2006 were as follows:

	<u>Transfer to</u>					<u>Total</u>
	<u>Park Improvement</u>	<u>Land Acquisition</u>	<u>Debt Service</u>	<u>Washington Township Park</u>	<u>William &amp; Dorothy Yeck Nature</u>	
<u>Transfer from</u>						
<b>Governmental Activities:</b>						
2006						
General	<u>\$137,419</u>	<u>\$169,588</u>	<u>\$659,768</u>	<u>\$2,615</u>	<u>\$2,770</u>	<u>\$972,160</u>

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained Commercial Insurance for the following risks:

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

The District provides health, dental, vision, disability, and life insurance coverage to full-time employees through private carriers.

At the beginning of 2006, the District switched insurance carriers from the Cincinnati Insurance Company to the Ohio Government Risk Management Plan.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. (1) The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan. (2) The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings. (3) The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. The 2006 member contribution rate was 9.0% for members in local classifications. The 2006 employer contribution rate for local government employer units was 13.70% of covered payroll. The District's required contributions to OPERS for the years ended 2006, 2005, and 2004 were \$146,400, \$132,317, and \$131,507 respectively. 92.5% has been paid for 2006 and 100% has been paid for 2005 and 2004.

**8. POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Ohio Public Employees Retirement System (OPERS) provides other post employment benefits (OPEB).

OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**8. POST-EMPLOYMENT BENEFITS (Continued)**

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006 local government employer units contributed at 13.70% of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.50%.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

- **Actuarial Review**—The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2005.
- **Funding Method**—An individual entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.
- **Assets Valuation Method**—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed the 12 percent corridor.
- **Investment Return**—The investment assumption rate for 2005 was 6.50%.
- **Active Employee Total Payroll**—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.
- **Health Care**—Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

The OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The approximate portion of employer contributions that was used to fund post-employment benefits in 2006 was \$48,088. The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005. The Actuarial Valuation as of December 31, 2005, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**9. LONG – TERM LIABILITIES**

The changes in the District’s long-term obligations during 2006 consist of the following:

	<u>Balance at January 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2006</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds					
1998 Park Improvement Bonds	\$375,000	\$0	\$375,000	\$0	\$0
2005 Park Improvement Bonds	\$2,000,000	\$0	\$195,000	\$1,805,000	\$200,000

The District issued General Obligation Park Improvement Bonds on April 1, 1998, in the amount of \$2,500,000 at a variable rate for a term of eight years to improve the parks. After the voters approved a 0.9 mill tax levy in 2004, the District issued General Obligation Park Improvement Bonds on March 1, 2005, in the amount of \$2,000,000 at a variable rate for a term of nine years also to improve the parks. Interest payments for both issues are due semi-annually and principal payments are due annually to The Bank of New York Trust Company, Cincinnati, Ohio, the Registrar and Paying Agent. The Bonds are collateralized by the taxing authority of the District.

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

<u>Year ending December 31:</u>	
2007	\$258,305
2008	261,105
2009	255,330
2010	259,240
2011	257,640
2012	265,553
2013	262,632
2014	<u>264,180</u>
Total	<u>\$2,083,985</u>

**10. SUBSEQUENT EVENTS**

On May 14, 2007, the District entered into a contract with Mutual Electric in the amount of \$430,000 for the phase IV electrical improvements at Oak Grove Park.

At the June 11, 2007 and August 23, 2007 board meetings the Park Commissioners approved Oak Grove Park Construction Contracts totaling \$939,225.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Unaudited)**

This discussion and analysis of the Centerville-Washington Park District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2005 within the limitations of the District's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- The net assets of governmental activities increased by \$2,299,408 or 77% in 2005, due to two main factors; the District received funds for the first time from a new 0.9 mill tax levy for capital improvements and also sold bonds in the amount of \$2,000,000 to enable the District to fund capital improvements immediately.
- The District's general receipts are primarily property taxes. Property tax receipts for 2005 increased 57% over 2004 due to the new levy and new development within the District.
- The balance in the District's land acquisition funds continued to grow in 2005 with transfers from the General Fund to ensure adequate funds for future planned land acquisitions.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the district-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Unaudited)  
(Continued)**

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds are the General Fund, Land Acquisition Fund, and Debt Service Fund. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in Other Governmental Funds. The Park Improvement Fund and the Washington Township Park Fund are classified as non-major. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Fiduciary Funds** – The fiduciary fund is used to account for resources held for the benefit of parties outside the District. The fiduciary fund is not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs. The District's only trust fund accounts for monies donated by The William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects as approved by the trust.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Unaudited)  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)  
Net Assets**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and Cash Equivalents	<u>\$5,280,573</u>	<u>\$2,981,165</u>
<b>Net Assets</b>		
<b>Restricted for:</b>		
Capital Projects	\$2,723,516	\$2,415,669
Unrestricted	<u>2,557,057</u>	<u>565,496</u>
Total Net Assets	<u>\$5,280,573</u>	<u>\$2,981,165</u>

As mentioned previously, net assets of governmental activities increased \$2,299,408 during 2005. The increase in the District's general fund balance during 2005 was primarily due to funds accumulated for park improvement projects. An increase in 2005 in the restricted net assets reflects annual transfers from the general fund to the land acquisition funds and park improvement funds.

Table 2 reflects the changes in net assets in 2005 compared to 2004.

**(Table 2)  
Changes in Net Assets**

	<u>2005</u>	<u>2004</u>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services	\$72,277	\$67,386
Operating Grants and Contributions	150,732	7,041
Capital Grants and Contributions	<u>201,641</u>	<u>76,822</u>
Total Program Receipts	424,650	151,249
<b>General Receipts:</b>		
General Property Tax	3,560,310	2,264,468
Intergovernmental Revenue	489,120	332,949
Gifts and Donations	1,090	2,386
Depository Interest	164,349	36,926
Bond Sale	2,000,000	
Other Receipts	<u>12,299</u>	<u>19,600</u>
Total General Receipts	<u>6,227,168</u>	<u>2,656,329</u>
Total Receipts	<u>6,651,818</u>	<u>2,807,578</u>

(Continued)

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Unaudited)  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>2005</b>	<b>2004</b>
<b>Disbursements:</b>		
Salaries - Employees	1,146,747	1,103,573
Improvements	1,612,291	85,664
Operations	267,577	312,208
Equipment	135,930	128,927
Professional Services	24,596	12,985
Utilities & Fees	212,436	163,791
Office Operations	49,538	64,221
Program/Recreation	41,440	32,375
Capital Outlay	211,148	540,774
Public Employees Retirement	131,749	131,218
Workers' Compensation	26,428	22,837
Unemployment compensation	922	
Other	53,225	15,884
Payment of Principal on Debt	360,000	335,000
Payment of Interest on Debt	76,706	50,310
Total Disbursements	4,350,733	2,999,767
Excess (Deficiency) Before Transfers	2,301,085	(192,189)
Transfers	(1,677)	(294)
Increase (Decrease) in Net Assets	\$2,299,408	(\$192,483)

Program receipts represented 6.4 percent of receipts in 2005. Charges for services, which represented 1.1 percent in 2005, were primarily comprised of fees for camps, tennis lessons, adult athletic leagues, and facility reservations. Operating grants and contributions in 2005 included donations restricted to specific uses including \$100,000 from the Centerville Wee Elk Organization for improvements at Schoolhouse Park, \$25,000 from the Centerville United Soccer Association for improvements at Oak Grove Park, \$20,000 from the Centerville Noon Optimist Club for the group shelter at the Activity Center Park, and \$4,000 from the Centerville Kiwanis Club for the new all-access playground at the Activity Center Park. Capital grants and contributions included \$200,000 awarded from the Federal Land and Water Conservation Fund for improvements at Oak Grove Park and the balance of \$1,641 awarded from the Clean Ohio Conservation Fund for the Holes Creek Bank Restoration and Erosion Control Project.

A ten-year 2.0 mill operating levy approved by voters in 1997 supports Park District operations along with a ten-year 0.9 mill levy approved by voters in 2004 for park improvements. These local taxes make up the largest portion of receipts for the Park District.

Disbursements in 2005 included major park development at Oak Grove Park and Schoolhouse Park.

**The District's Funds**

2005 total governmental funds had receipts of \$6,651,818 and disbursements of \$4,350,733. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$1,991,561 as the result of planned savings for major capital improvements in future years in the parks. Capital spending levels can vary from year to year as projects are completed as scheduled in the District's ten-year plan.

The Land Acquisition Fund and Washington Township Park Fund continue to grow until the funds are needed for planned land acquisitions in the District.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Unaudited)  
(Continued)**

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the District received higher than anticipated property tax revenues, donations, program income, depository interest, and other income.

Final disbursements in 2005 were budgeted at \$5,226,545 in the general fund while actual disbursements were \$4,568,399. The savings in the improvements account were primarily for the postponement of improvement projects at Oak Grove Park, the Activity Center Park, and Grant Park.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2005, the District's outstanding debt included \$2,375,000 in general obligation bonds issued for park improvements. For further information regarding the District's debt, refer to Note 9 to the basic financial statements.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Business Manager, Centerville-Washington Park District, 221 N. Main Street, Centerville, OH 45459.

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**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,280,573
Total Assets	<u>5,280,573</u>
<b>Net Assets:</b>	
<b>Restricted For:</b>	
Capital Projects	2,723,516
Unrestricted	2,557,057
Total Net Assets	<u><u>\$5,280,573</u></u>

*See accompanying notes to the basic financial statements.*

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
<b>Current:</b>					
Salaries - Employees	\$1,146,747				(\$1,146,747)
Improvements	1,612,291		\$150,710		(1,461,581)
Operations	267,577				(267,577)
Equipment	135,930				(135,930)
Professional Services	24,596				(24,596)
Utilities & Fees	212,436				(212,436)
Office Operations	49,538				(49,538)
Program/Recreation	41,440	\$72,277	22		30,859
Capital Outlay	211,148			\$201,641	(9,507)
Public Employees Retirement	131,749				(131,749)
Workers' Compensation	26,428				(26,428)
Unemployment Compensation	922				(922)
Other	53,225				(53,225)
<b>Debt:</b>					
Payment of Principal	360,000				(360,000)
Payment of Interest	76,706				(76,706)
<b>Total Governmental Activities</b>	<u>\$4,350,733</u>	<u>\$72,277</u>	<u>\$150,732</u>	<u>\$201,641</u>	<u>(3,926,083)</u>

**General Receipts**

Property Taxes Levied for General Purposes	\$3,560,310
Intergovernmental Revenue	489,120
Gifts and Donations	1,090
Depository Interest	164,349
Bond Sale	2,000,000
Other Receipts	12,299
<b>Total General Receipts</b>	<u>6,227,168</u>
Transfer Out	<u>(1,677)</u>
<b>Total General Receipts and Transfers</b>	<u>6,225,491</u>
Change in Net Assets	2,299,408
Net Assets Beginning of Year	<u>2,981,165</u>
<b>Net Assets End of Year</b>	<u>\$5,280,573</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Land Acquisition Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,557,057	\$2,354,478		\$369,038	\$5,280,573
Total Assets	<u>2,557,057</u>	<u>2,354,478</u>		<u>369,038</u>	<u>5,280,573</u>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	865,520			316,618	1,182,138
<b>Unreserved:</b>					
Undesignated (Deficit), Reported in:					
General Fund	1,691,537				1,691,537
Capital Projects Fund		2,354,478		52,420	2,406,898
Total Fund Balances	<u>\$2,557,057</u>	<u>\$2,354,478</u>	<u>\$0</u>	<u>\$369,038</u>	<u>\$5,280,573</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

	<u>General Fund</u>	<u>Land Acquisition Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>					
General Property Tax	\$3,560,310				\$3,560,310
Intergovernmental Revenue	690,761				690,761
Gifts and Donations	151,822				151,822
Program Income	72,277				72,277
Depository Interest	164,349				164,349
Other Receipts	12,299				12,299
Total Cash Receipts	<u>4,651,818</u>				<u>4,651,818</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Salaries - Employees	1,146,747				1,146,747
Improvements	1,612,291				1,612,291
Operations	267,577				267,577
Equipment	135,930				135,930
Professional Services	24,596				24,596
Utilities & Fees	212,436				212,436
Office Operations	49,538				49,538
Program/Recreation	41,440				41,440
Capital Outlay				\$211,148	211,148
Public Employees Retirement	131,749				131,749
Workers' Compensation	26,428				26,428
Unemployment Compensation	922				922
Other	53,225				53,225
Payment of Principal			\$360,000		360,000
Payment of Interest			76,706		76,706
Total Cash Disbursements	<u>3,702,879</u>		<u>436,706</u>	<u>211,148</u>	<u>4,350,733</u>
Total Receipts Over/(Under) Disbursements	<u>948,939</u>		<u>(436,706)</u>	<u>(211,148)</u>	<u>301,085</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Bond Sale	2,000,000				2,000,000
Transfers-In		\$117,249	436,706	401,746	955,701
Transfers-Out	(957,378)				(957,378)
Total Other Financing Receipts/(Disbursements)	<u>1,042,622</u>	<u>117,249</u>	<u>436,706</u>	<u>401,746</u>	<u>1,998,323</u>
Net Change in Fund Balance	1,991,561	117,249		190,598	2,299,408
Fund Cash Balances, Beginning of Year	<u>565,496</u>	<u>2,237,229</u>		<u>178,440</u>	<u>2,981,165</u>
Fund Cash Balances, End of Year	<u>\$2,557,057</u>	<u>\$2,354,478</u>	<u>\$0</u>	<u>\$369,038</u>	<u>\$5,280,573</u>

See accompanying notes to the basic financial statements.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts:</b>				
General Property Tax	\$3,350,828	\$3,448,263	\$3,560,310	\$112,047
Intergovernmental Revenue	682,421	692,776	690,761	(2,015)
Gifts and Donations	161,000	151,000	151,822	822
Program Income	70,000	70,000	72,277	2,277
Depository Interest	75,000	160,000	164,349	4,349
Other Receipts	12,000	12,000	12,299	299
Total Cash Receipts	<u>4,351,249</u>	<u>4,534,039</u>	<u>4,651,818</u>	<u>117,779</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Salaries - Employees	1,167,975	1,160,625	1,146,747	13,878
Improvements	2,930,347	2,845,116	2,428,403	416,713
Operations	379,767	379,107	288,521	90,586
Equipment	150,778	145,278	138,287	6,991
Professional Services	36,107	36,107	27,184	8,923
Utilities & Fees	266,641	318,140	220,535	97,605
Office Operations	72,288	59,620	54,042	5,578
Program/Recreation	53,229	52,229	43,032	9,197
Public Employees Retirement	135,000	143,000	141,073	1,927
Workers' Compensation	23,000	26,428	26,428	
Unemployment Compensation	2,000	922	922	
Other	66,281	59,973	53,225	6,748
Total Cash Disbursements	<u>5,283,413</u>	<u>5,226,545</u>	<u>4,568,399</u>	<u>658,146</u>
Total Receipts Over/(Under) Disbursements	<u>(932,164)</u>	<u>(692,506)</u>	<u>83,419</u>	<u>775,925</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Bond Sale	2,000,000	2,000,000	2,000,000	
Transfers-Out	(841,014)	(1,047,132)	(957,378)	89,754
Total Other Financing Receipts/(Disbursements)	<u>1,158,986</u>	<u>952,868</u>	<u>1,042,622</u>	<u>89,754</u>
Net Change in Fund Balance	226,822	260,362	1,126,041	865,679
Fund Balances, Beginning of Year	419,384	419,384	419,384	
Prior Year Encumbrances Appropriated	146,112	146,112	146,112	
Fund Balances, End of Year	<u><u>\$792,318</u></u>	<u><u>\$825,858</u></u>	<u><u>\$1,691,537</u></u>	<u><u>\$865,679</u></u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
PRIVATE PURPOSE TRUST FUND  
DECEMBER 31, 2005**

	<b>William and Dorothy Yeck Nature Fund</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$64,016
Total Assets	<u>64,016</u>
<b>Net Assets:</b>	
Unrestricted	64,016
Total Net Assets	<u><u>\$64,016</u></u>

*See accompanying notes to the basic financial statements.*

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>William and Dorothy Yeck Nature Fund</u>
<b>Additions:</b>	
Gifts and Donations	\$52,116
<b>Deductions:</b>	
Payments in Accordance with Trust Agreement	<u>17,666</u>
Change in Net Assets Before Transfers In	34,450
Transfers In	<u>1,677</u>
Change in Net Assets After Transfers In	36,127
Net Assets - Beginning of Year	<u>27,889</u>
Net Assets - End of Year	<u><u>\$64,016</u></u>

*See accompanying notes to the basic financial statements.*

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**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**1. DESCRIPTION OF THE PARK DISTRICT AND REPORTING ENTITY**

The Centerville-Washington Park District, Montgomery County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the Montgomery County Court of Common Pleas. The District acquires lands for conversion into forest reserves and for the conservation of the 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 the same as the Board deems conducive to the general welfare.

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Park District, this includes general operations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting the Auditor of State prescribes or permits. This basis of accounting is similar to the cash receipts and disbursements 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). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the year.

**A. Fund Accounting**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either governmental or fiduciary.

**1. Governmental:**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Park District's major governmental funds:

**General Fund** - This fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Land Acquisition Fund** - This fund is used to account for receipts that are restricted for land acquisition.

**Debt Service Fund** - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Park District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Park District's own programs. The District's only trust fund accounts for monies donated by The William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects.

**B. Basis of Presentation**

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

**1. Government-wide Financial Statement of Activities:**

This statement displays information about the District as a whole, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash-basis or draws from the District's general receipts.

**2. Fund Financial Statements:**

Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

**C. Cash, Cash Equivalents and Investments**

The District deposits and invests cash from all funds in a common pool. The financial statements present each fund's share of interest in the pool as equity in pooled cash and cash equivalents on the financial statements.

The District values investments and cash equivalents at cost. For presentation on the financial statements, the District classifies investments of the cash management pool as cash equivalents.

Following Ohio statutes the District specified the funds to receive an allocation of interest earnings. Interest earnings credited to General Fund during fiscal year 2005 was \$164,349, including \$70,507 assigned from other funds.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Restricted Assets**

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions.

**E. Inventory and Prepaid Items**

On the cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

**F. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Compensated Absences**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

**H. Long-term Obligations**

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

**I. Fund Balance Designations and Reserves**

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

**J. Net Assets**

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**K. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Budgetary Data**

Ohio law requires the District to budget and appropriate all funds. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the District may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the Function level within each fund as its legal level of control.

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

**M. Change in Accounting Principles**

For 2005, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "*Deposits and Investment Risk Disclosure*". GASB Statement No. 40 creates new disclosure requirements for deposits and investments related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the District's financial statements for fiscal year 2005.

**3. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during each year for real and public utilities property taxes represent collections of prior year taxes. Property tax payments received during each year for tangible personal property (other than public utility property) are for current year taxes.

Real property taxes are levied after October 1 on the assessed value as of January 1 the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.



**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**3. PROPERTY TAXES (Continued)**

Tangible personal property taxes collected in the years reported are levied after October 1 of the prior year, on the value as of December 31 of the prior year. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the District. The County Auditor periodically remits to the District its portion of the taxes.

The full tax rate for all District operations for the years ended December 31, 2005 was \$2.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which property tax receipts were based are as follows:

Category	2005 Collections 2004 Assessed Value
Real Property	\$1,440,995,060
Public Utility Property	32,926,860
Tangible	57,489,315
Totals	\$1,531,411,235

**4. DEPOSITS AND INVESTMENTS**

Ohio law restricts deposits and investments to the following:

- a. Commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts;
- b. Money market deposits;
- c. Savings accounts or certificates of deposit;
- d. United States Treasury securities, or securities of its agencies or instrumentalities the federal government guarantees;
- e. No-load money market mutual funds consisting exclusively of obligations described in (4) above and repurchase agreements secured by such obligations;
- f. The State Treasurer's investment pool (STAR Ohio, a Rule 2-a7-like pool);
- g. Certain bankers' acceptances and commercial paper notes;
- h. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

An investment must mature within five years from the purchase date unless matched to a specific Park District obligation or debt and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

At year-end 2005, the carrying amount of the District's deposits were \$4,133,062 and the bank balance was \$4,195,988. \$118,600 of the bank balance was covered by federal depository insurance and \$4,077,388 was uninsured and uncollateralized. Although the District followed all state statutory requirements for these deposits, noncompliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at December 31, 2005, was \$1,211,527.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**C. Interest Rate Risk:**

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, limiting investment portfolio maturities to five years or less.

**D. Credit Risk:**

STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in State Statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The District places no limit on the amount it may invest with any one issuer.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**5. INTERFUND TRANSFERS**

Interfund cash transfers for the years ended December 31, 2005 were as follows:

<u>Transfer from</u> <u>Governmental Activities:</u> 2005	Transfer to					<u>Total</u>
	<u>Park Improvement</u>	<u>Land Acquisition</u>	<u>Debt Service</u>	<u>Washington Township Park</u>	<u>William &amp; Dorothy Yeck Nature</u>	
General	\$400,164	\$117,249	\$436,706	\$1,582	\$1,677	\$957,378

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District provides health, dental, vision, disability, and life insurance coverage to full-time employees through private carriers.

**7. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. (1) The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan. (2) The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings. (3) The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. The 2005 member contribution rate was 8.5% for members in local classifications. The 2005 employer contribution rate for local government employer units was 13.55% of covered payroll. The District's required contributions to OPERS for the years ended 2005, 2004, and 2003 were \$132,317, \$131,507, and \$138,743 respectively, 93% has been paid for 2005 and 100% has been paid for 2004 and 2003.

**8. POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Ohio Public Employees Retirement System (OPERS) provides other post employment benefits (OPEB).

OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2005 local government employer units contributed at 13.55% of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.00%.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

- **Actuarial Review** — The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2004.
- **Funding Method** — An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.
- **Assets Valuation Method** — All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**8. POST-EMPLOYMENT BENEFITS (Continued)**

- **Investment Return** — The investment assumption rate for 2004 was 8.00%.
- **Active Employee Total Payroll** — An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.
- **Health Care** — Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

The OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 376,109 active contributing participants as of December 31, 2005. The approximate portion of employer contributions that was used to fund post-employment benefits in 2005 was \$39,061. The amount of \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2004. The Actuarial Valuation as of December 31, 2004, reported the actuarially accrued liability and the unfounded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**9. LONG – TERM LIABILITIES**

The changes in the District's long-term obligations during 2005 consist of the following:

	<b>Balance at January 1, 2005</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance at December 31, 2005</b>	<b>Amounts Due in One Year</b>
General Obligation Bonds					
1998 Park Improvement Bonds	\$735,000		\$360,000	\$375,000	\$375,000
2005 Park Improvement Bonds		\$2,000,000		2,000,000	195,000
<b>Total</b>	<b>\$735,000</b>	<b>\$2,000,000</b>	<b>\$360,000</b>	<b>\$2,375,000</b>	<b>\$570,000</b>

The District issued General Obligation Park Improvement Bonds on April 1, 1998, in the amount of \$2,500,000 at a variable rate for a term of eight years to improve the parks. After the voters approved a 0.9 mill tax levy in 2004, the District issued General Obligation Park Improvement Bonds on March 1, 2005, in the amount of \$2,000,000 at a variable rate for a term of nine years also to improve the parks. Interest payments for both issues are due semi-annually and principal payments are due annually to The Bank of New York Trust Company, Cincinnati, Ohio, the Registrar and Paying Agent. The Bonds are collateralized by the taxing authority of the District.

**CENTERVILLE-WASHINGTON PARK DISTRICT  
MONTGOMERY COUNTY**

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

**9. LONG – TERM LIABILITIES (Continued)**

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

<u>Year ending December 31:</u>	
2006	\$659,767
2007	258,305
2008	261,105
2009	255,330
2010	259,340
2011	257,640
2012	265,553
2013	<u>262,632</u>
Total	<u>\$2,479,672</u>

**10. SUBSEQUENT EVENTS**

On June 29, 2006, the District entered into a contract with Southern Ohio Paving in the amount of \$689,508 for asphalt and concrete curb installation.

On May 14, 2007, the District entered into a contract with Mutual Electric Company in the amount of \$430,000 for the electrical improvements at Oak Grove Park.

At the June 11, 2007 and August 23, 2007 board meetings the Park Commissioners approved Oak Grove Park Construction Contracts totaling \$939,225.



# Mary Taylor, CPA

Auditor of State

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

Centerville-Washington Park District  
Montgomery County  
221 North Main Street  
Centerville, Ohio 45459

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centerville-Washington Park District as of and for the years ended December 31 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 6, 2007, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated August 6, 2007.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 3, 2007.

We intend this report solely for the information and use of the audit committee, management, Board of Park Commissioners. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

August 6, 2007





**Mary Taylor, CPA**  
Auditor of State

**CENTERVILLE-WASHINGTON PARK DISTRICT**

**MONTGOMERY 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  
DECEMBER 31, 2007**