



**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED DECEMBER 31, 2006-2004
AND FOR PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003**



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

Pickaway County Park District
Pickaway County
P.O. Box 22
Circleville, Ohio 43113

To the Park District Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

August 1, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County Park District
Pickaway County
P.O. Box 22
Circleville, Ohio 43113

To the Park District Council

We have audited the accompanying financial statements of Pickaway County Park District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2006, 2005, and 2004 and for the period July 1, 2003 through December 31, 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

GAAP requires presenting entity wide statements. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statement. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006, 2005, and 2004 and for the period July 1, 2003 through December 31, 2003, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006, 2005, 2004, and 2003 or its changes in financial position for the years ended 2006, 2005, and 2004 and for the period July 1, 2003 through December 31, 2003.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Pickaway County Park District, Pickaway County, Ohio as of December 31, 2006, 2005, 2004, and 2003 and its cash receipts and disbursements for the years 2006, 2005, and 2004 and the period July 1, 2003 through December 31, 2003.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 1, 2007

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 and 2004**

| | <u>2,006</u> | <u>2,005</u> | <u>2,004</u> |
|---|--------------------------------|--------------------------------|-------------------------------|
| Cash Receipts: | | | |
| Local Contributions | \$ - | \$ 5,000 | \$ 5,000 |
| Investment Income | 30 | 66 | 43 |
| | <u>30</u> | <u>5,066</u> | <u>5,043</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| Supplies | - | - | 125 |
| Contracts - Services | 723 | 925 | 1,000 |
| Travel | - | - | 7 |
| Other | - | 294 | 368 |
| | <u>723</u> | <u>1,219</u> | <u>1,500</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over/(Under) Disbursements | (693) | 3,847 | 3,543 |
| Cash Balance, January 1 | <u>13,227</u> | <u>9,380</u> | <u>5,837</u> |
| Cash Balance, December 31 | <u><u>\$ 12,534</u></u> | <u><u>\$ 13,227</u></u> | <u><u>\$ 9,380</u></u> |

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

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003**

| | |
|---|-------------------------------|
| | <u>2,003</u> |
| Cash Receipts: | |
| Local Contributions | \$ 6,000 |
| Investment Income | <u>14</u> |
| Total Cash Receipts | <u>6,014</u> |
| Cash Disbursements: | |
| Current: | |
| Supplies | 50 |
| Contracts - Services | 127 |
| Travel | - |
| Other | <u>-</u> |
| Total Cash Disbursements | <u>177</u> |
| Total Receipts Over/(Under) Disbursements | 5,837 |
| Cash Balance, July 1 | <u>-</u> |
| Cash Balance, December 31 | <u><u>\$ 5,837</u></u> |

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

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004 AND
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District values certificates of deposit at cost.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004 AND
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

| | 2,003 | 2,004 | 2,005 | 2,006 |
|--------------------------------|----------|----------|-----------|-----------|
| Demand deposits | \$ 5,837 | \$ 9,380 | \$ 13,227 | \$ 2,534 |
| Total deposits | 5,837 | 9,380 | 13,227 | 2,534 |
| Certificates of deposit | - | - | - | 10,000 |
| Total investments | - | - | - | 10,000 |
| Total deposits and investments | \$ 5,837 | \$ 9,380 | \$ 13,227 | \$ 12,534 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Contrary to the Ohio Revised Code 5705, which requires the Park District Council to budget each fund annually, the District did not adopt a certificate of estimated resources or appropriation measure. Furthermore, the District did not use the encumbrance method of accounting. Accordingly, all expenditures violated budgetary requirements.

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

5. RELATED PARTY TRANSACTIONS

During the period of 2003 through 2005 the Pickaway County Commissioners contributed \$5,000 annually to the Park District. These contributions were used to help defray operating cost of the District.



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*

Pickaway County Park District
Pickaway County
P.O. Box 22
Circleville, OH 43113

To the Park District Council:

We have audited the financial statements of Pickaway County Park District, Pickaway County, Ohio (the District) as of and for the years ended December 31, 2006, 2005, and 2004 and for the period July 1, 2003 through December 31, 2003 and have issued our report thereon dated August 1, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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.

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

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.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-002 and 2006-003 are also material weaknesses.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated August 1, 2007.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-003.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 1, 2007.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Park District Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 1, 2007

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004 AND
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2006-001

Material Non-Compliance/Significant Deficiency

Recording Minutes

Ohio Rev. Code Section 121.22 (C) states in part that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section.

The following meetings lacked documentation of formal actions taken by Council: September and November of 2003, January, May, August, and October of 2004 and March and May of 2005.

We recommend that the District record all minutes of meetings promptly and accurately and that more consideration be given as to the level of detail provided in the minutes of the Council.

Officials' Response:

We now have a book that monthly minutes and financial records are to be placed in after meetings. Minutes will be posted at the Library for public review.

FINDING NUMBER 2006-002

Noncompliance Citation/ Significant Deficiency/ Material Weakness

Certification of Funds

Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004 AND
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2006-002 (Continued)

Noncompliance Citation/ Significant Deficiency/ Material Weakness (Continued)

Certification of Funds

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District does not utilize the encumbrance method of accounting and therefore does not certify expenditures.

To improve controls over disbursements, it is recommended that all District non-payroll disbursements receive prior certification of the fiscal officer. When that is not possible, a Then and Now Certificate should be executed.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response:

We received no official response to this finding.

PICKAWAY COUNTY PARK DISTRICT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
FOR YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004 AND
FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-003

Material Non-Compliance/Significant Deficiency/Material Weakness

Budgetary

Ohio Rev. Code Sections 5705.28(B)(2)(a) and (c), 5705.36, 5705.38 and 5705.41(B) require the District to adopt a budget, establish appropriations and estimated resources.

The District did not adopt a budget or establish appropriations and estimated resources during the audit period.

We recommend the District follow all applicable budgetary requirements of Ohio Rev. Code Section 5705.

Officials' Response:

The District will prepare and adopt a budget for the January 1, 2007 to December 31, 2007 budget year.



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY PARK DISTRICT

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 16, 2007**