



Mary Taylor, CPA
Auditor of State

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County Park District
Clermont County
2228 State Route 50
Cincinnati, Ohio 45103

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County Park District, Clermont County, Ohio (the District), as of and for the year ended December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County Park District, Clermont County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5, for the year ended December 31, 2005, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008, 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 Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The supplemental information provides additional information and is not a required part of the basic financial statements. We subjected the supplemental information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the supplemental information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

February 8, 2008

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the Clermont County Park District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2005 are as follows:

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2005, by \$3,580,250 (net assets). Of this amount, \$220,314 (unrestricted net assets) may be used to meet the District's ongoing park programs.
- The District's total net assets increased by \$269,303, which represents an 8.1% increase from 2004.
- At the end of the current year, the District's governmental funds reported a combined ending fund balance of \$135,265. Of this amount, \$70,942 is available for spending (unreserved fund balance) on behalf of park activities and programs.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$182,254, or 23.6% of total general fund expenditures and other financing uses.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the District to provide services to our citizens, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the District's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the condition of the District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds. Fund financial reports provide detailed information about the District's major funds.

Based on restrictions on the use of monies, the District has established separate funds which account for the capital projects the District is improving. However, these fund financial statements focus on the District's most significant funds. In the case of the District, our major funds are the General, Sycamore Park Capital Project, and Park District Capital. The analysis of the District's major funds begins on page 7.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,580,250 as of December 31, 2005.

Table 1 provides a summary of the District's net assets for 2005 compared to 2004.

Table 1
Net Assets
(In Thousands)

	Governmental Activities (Restated)	
	2005	2004
Assets		
Current & Other Assets	\$624.4	\$1,021.8
Capital Assets, Net	3,843.1	3,416.3
<i>Total Assets</i>	4,467.5	4,438.1
Liabilities		
Current & Other Liabilities	392.1	619.7
Long-Term Liabilities		
Due Within One Year	26.3	24.3
Due in More Than One Year	468.9	483.2
<i>Total Liabilities</i>	887.3	1,127.2
Net Assets		
Invested in Capital Assets Net of Debt	3,359.9	2,916.3
Unrestricted	220.3	394.6
<i>Total Net Assets</i>	\$3,580.2	\$3,310.9

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 provides a summary of the changes in net assets for 2005. Since the District did not prepare financial statements in this format for 2004, a comparative analysis of government wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities
	<u>2005</u>
Program Revenues:	
Charges for Services	\$80.3
Capital Grants and Contributions	304.8
General Revenues:	
Property Taxes	343.7
Unrestricted Grants	71.7
Investment Earnings	7.0
Other	62.7
<i>Total Revenues</i>	870.2
Program Expenses	
Conservation and Recreation	581.0
Interest and Fiscal Charges	19.9
<i>Total Expenses</i>	600.9
<i>Increase in Net Assets</i>	\$269.3

Governmental Activities

The District's governmental activities are related to conservation and recreation for its seven parks. This includes the maintenance and upkeep of the parks, offering many nature programs throughout the year to families, offering a variety of facilities to be reserved for picnics, weddings, meetings, reunions, holiday gatherings and other group functions, and improving its parks to meet the needs of the residents of Clermont County.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$135,265. Of this amount, \$70,942 constitutes unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders at year end (\$64,323). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$182,254, the entire fund balance. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 23.6% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$57,174 in 2005. Property taxes account for 60.6 % of revenues in the General Fund.

The Park District Capital Project fund received \$326,637 in Ohio Public Works Commission grant money for the renovation of the Chilo Lock and Dam project.

General Fund Budgeting Highlights

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

During the course of 2005, the District amended its general fund budget, the most significant noted below. All recommendations for the budget were reviewed by the Clermont County Park Board for adoption of a resolution on the change. With the General Fund supporting many of our major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending. A summary of noted differences and explanations:

- Intergovernmental Revenue was decreased by \$100,011 to account for the grant revenue not expected to be received until 2006.
- The Capital Outlay budget was increased by \$73,859 to account for the Sycamore Park project.

Capital Assets and Debt Administration

Capital Assets: The District's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$3,843,136 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, vehicles, furniture, and equipment.

Note 7 (Capital Assets) provides capital asset activity during 2005.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Capital assets increased during 2005 because of the Construction in Progress on the Chilo Lock renovation. This project is expected to be completed in 2006.

Long-term Debt: At the end of 2005, the District had a special obligation bond outstanding in the amount of \$483,200 which is backed by the full faith and credit of the District. The debt was issued in 2004 for the Chilo Lock and Dam Project. Additional information on the District's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budget

Clermont County has experienced rapid residential growth and an increase in property valuation over the past decade, and as a result property tax collections are 60% of the District's operating budget. Although the District has experienced growth, the District maintains a conservative approach to spending while maximizing its revenues. Current economic indicators show that the current economy should remain at its current pace. The District will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the District's portion of state-based program revenue will be affected by the fiscal year 2007 State budget bill.

All of these factors were considered in the preparation of the District's 2005 budget. In conjunction with current economic factors, the District has increased its 2006 budget to continue improving its seven parks.

Requests for Information

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Chris Clingman, Clermont County Park District, 2228 Hwy. 50, Batavia, Ohio 45103, (513)732-2977, (email at clermparks@aol.com).

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 146,000
Accrued Interest Receivable	1,540
Intergovernmental Receivable	79,030
Taxes Receivable	397,870
Capital Assets:	
Land	1,426,200
Building and Building Improvements	853,225
Furniture, Fixtures, and Equipment	96,165
Construction in Progress	1,592,487
Accumulated Depreciation:	
Buildings & Building Improvements	(95,156)
Furniture, Fixtures, and Equipment	<u>(29,785)</u>
<i>Total Assets</i>	<u>4,467,576</u>
LIABILITIES:	
Accounts Payable	10,746
Accrued Wages and Benefits	8,614
Contracts Payable	1,839
Intergovernmental Payable	3,053
Accrued Interest Payable	1,611
Deferred Revenue	366,220
Long-Term Liabilities:	
Due Within One Year	26,377
Due in More Than One Year	<u>468,866</u>
<i>Total Liabilities</i>	<u>887,326</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	3,359,936
Unrestricted	<u>220,314</u>
<i>Total Net Assets</i>	<u><u>\$ 3,580,250</u></u>

See accompanying notes to the basic financial statements

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Conservation and Recreation	\$ 580,931	\$ 80,295	\$ 304,778	\$ (195,858)
Interest and Fiscal Charges	19,944	0	0	(19,944)
<i>Total Governmental Activities</i>	<u>\$ 600,875</u>	<u>\$ 80,295</u>	<u>\$ 304,778</u>	<u>(215,802)</u>
General Revenues:				
Property Taxes				343,667
Grants and Entitlements not Restricted to Specific Programs				71,747
Investment Earnings				7,034
Miscellaneous				62,657
<i>Total General Revenues</i>				<u>485,105</u>
<i>Change in Net Assets</i>				269,303
<i>Restated Net Assets Beginning of Year (see Note 5)</i>				<u>3,310,947</u>
<i>Net Assets End of Year</i>				<u>\$ 3,580,250</u>

See accompanying notes to the basic financial statements

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Balance Sheet
Governmental Funds
December 31, 2005

	<u>General Fund</u>	<u>Sycamore Park Capital Project</u>	<u>Park District Capital Project</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 200,536	\$ (61,895)	\$ 7,359	\$ 0	\$ 146,000
Accrued Interest Receivable	1,464	0	76	0	1,540
Intergovernmental Receivable	18,463	60,567	0	0	79,030
Taxes Receivable	397,870	0	0	0	397,870
<i>Total Assets</i>	<u>618,333</u>	<u>(1,328)</u>	<u>7,435</u>	<u>0</u>	<u>624,440</u>
LIABILITIES:					
Accounts Payable	10,746	0	0	0	10,746
Accrued Wages and Benefits	8,614	0	0	0	8,614
Contracts Payable	1,284	0	555	0	1,839
Intergovernmental Payable	3,053	0	0	0	3,053
Deferred Revenue	404,323	60,567	33	0	464,923
<i>Total Liabilities</i>	<u>428,020</u>	<u>60,567</u>	<u>588</u>	<u>0</u>	<u>489,175</u>
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances	8,059	0	56,264	0	64,323
Unreserved, Undesignated, Reported in:					
General Fund	182,254	0	0	0	182,254
Capital Projects Funds	0	(61,895)	(49,417)	0	(111,312)
<i>Total Fund Balances</i>	<u>190,313</u>	<u>(61,895)</u>	<u>6,847</u>	<u>0</u>	<u>135,265</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 618,333</u>	<u>\$ (1,328)</u>	<u>\$ 7,435</u>	<u>\$ 0</u>	<u>\$ 624,440</u>

See accompanying notes to the basic financial statements

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005

Total Governmental Fund Balances \$ 135,265

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 3,843,136

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes	19,003	
Intergovernmental Revenues	79,030	
Interest	670	
Total		98,703

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest	(1,611)	
Special Obligation Bond	(483,200)	
Compensated Absences	(12,043)	
Total		(496,854)

Net Assets of Governmental Activities \$ 3,580,250

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	<u>General Fund</u>	<u>Sycamore Park Capital Project</u>	<u>Park District Capital Project</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property Taxes	\$ 343,267	\$ 0	\$ 0	\$ 0	\$ 343,267
Charges for Services	78,878	0	0	0	78,878
Fines and Forfeitures	1,417	0	0	0	1,417
Intergovernmental	73,164	0	326,637	0	399,801
Interest	6,983	0	864	0	7,847
Other	62,657	0	0	0	62,657
<i>Total Revenues</i>	<u>566,366</u>	<u>0</u>	<u>327,501</u>	<u>0</u>	<u>893,867</u>
EXPENDITURES:					
Current:					
Conservation and Recreation	509,192	0	0	0	509,192
Capital Outlay		60,567	436,605	0	497,172
Debt Service:					
Principal Retirements	0	0	0	16,800	16,800
Interest and Fiscal Charges	0	0	0	20,000	20,000
<i>Total Expenditures</i>	<u>509,192</u>	<u>60,567</u>	<u>436,605</u>	<u>36,800</u>	<u>1,043,164</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>57,174</u>	<u>(60,567)</u>	<u>(109,104)</u>	<u>(36,800)</u>	<u>(149,297)</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	0	0	225,167	36,800	261,967
Proceeds from Sale of Capital Assets	3,104	0	0	0	3,104
Transfers Out	(261,967)	0	0	0	(261,967)
<i>Total Other Financing Sources and Uses</i>	<u>(258,863)</u>	<u>0</u>	<u>225,167</u>	<u>36,800</u>	<u>3,104</u>
<i>Net Change in Fund Balance</i>	(201,689)	(60,567)	116,063	0	(146,193)
<i>Restated Fund Balance (Deficit) at Beginning of Year (see Note 5)</i>	<u>392,002</u>	<u>(1,328)</u>	<u>(109,216)</u>	<u>0</u>	<u>281,458</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 190,313</u>	<u>\$ (61,895)</u>	<u>\$ 6,847</u>	<u>\$ 0</u>	<u>\$ 135,265</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005*

Net Change in Fund Balances - Total Governmental Funds \$ (146,193)

***Amounts reported for governmental activities in the
statement of activities are different because***

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	522,157	
Depreciation expense	(26,974)	
Excess of capital outlay over depreciations	495,183	495,183

In the statement of activities, the loss on the disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets. (68,300)

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Similarly, certain licenses and other revenues that do not provide current financial resources are not reported as revenues in the fund.

Taxes	400	
Intergovernmental revenue	(23,276)	
Investment earnings	(813)	
Total revenue	(23,689)	(23,689)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.
Repayment of Bond Principal 16,800

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. 56

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.
Compensated Absences Payable (4,554)

Change in Net Assets of Governmental Activities **\$ 269,303**

CLERMONT COUNTY*Statement of Revenues**Expenditures and Changes in**Fund Balance - Budget and Actual**(Non-GAAP Budgetary Basis)**For the Year Ended December 31, 2005***General Fund**

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Property taxes	\$ 335,865	\$ 335,865	\$ 343,625	\$ 7,760
Charges for services	66,000	66,000	78,878	12,878
Fines and Forfeitures	0	0	1,417	1,417
Intergovernmental	552,286	452,275	399,801	(52,474)
Interest	6,300	6,300	7,408	1,108
Other revenues	31,500	56,485	62,657	6,172
Total revenues	<u>991,951</u>	<u>916,925</u>	<u>893,786</u>	<u>(23,139)</u>
Expenditures:				
Current:				
Conservation and Recreation	<u>1,005,411</u>	<u>1,123,840</u>	<u>1,106,157</u>	<u>17,683</u>
Total expenditures	<u>1,005,411</u>	<u>1,123,840</u>	<u>1,106,157</u>	<u>17,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,460)</u>	<u>(206,915)</u>	<u>(212,371)</u>	<u>(5,456)</u>
Other financing sources (uses):				
Operating transfers (out)	(36,800)	(36,800)	(36,800)	0
Proceeds of sale of capital assets	<u>0</u>	<u>0</u>	<u>3,104</u>	<u>3,104</u>
Total other financing sources (uses)	<u>(36,800)</u>	<u>(36,800)</u>	<u>(33,696)</u>	<u>3,104</u>
Net Change in Fund Balance	(50,260)	(243,715)	(246,067)	(2,352)
Fund balance at beginning of year	(152,504)	(152,504)	(152,504)	0
Prior year encumbrances appropriated	<u>465,617</u>	<u>465,617</u>	<u>465,617</u>	<u>0</u>
Fund balance at end of year	<u>\$ 262,853</u>	<u>\$ 69,398</u>	<u>\$ 67,046</u>	<u>\$ (2,352)</u>

See accompanying notes to the basic financial statements

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**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Clermont County Park District, Clermont County, Ohio (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 probate judge of Clermont County. 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 same as the Board deems conducive to the general welfare.

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

As required by generally accepted accounting principles, the financial statements present the District (the primary government). The primary government includes all funds, departments, and boards for which the District is financially accountable. The District does not have any component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Park District Capital Project Fund – This fund accounts for all revenues and expenditures related to the capital improvements to Chilo Lock Visitor Center and Museum.

Sycamore Park Capital Project Fund – This fund accounts for all revenues and expenditures related to the capital improvements to Sycamore Park.

The other governmental funds of the District account for resources to pay principal and interest of debt.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets. The Statement of Activity presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return include property taxes, grants, entitlements and donations. Revenue from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, grants, interest, and charges for services.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005 but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies (continued)

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the County Park Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Park Board during the year including all supplemental appropriations.

Cash and Investments

The County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the District as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E Main St. 2nd Floor, Batavia, Ohio 45103, www.clermontauditor.org, (513) 732-7150.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5-10
Furniture & Equipment	5-10

Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, personal and compensation payments are made at employees' current wage rates.

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds. However, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

Net Assets

Net Assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Park Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The District did not have any restricted net assets at December 31, 2005.

Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Budgetary Basis of Accounting

While the Park District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented in the Basic Financial Statements to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 3 – Budgetary Basis of Accounting (Continued)

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Capital expenditures spent with local monies are accounted in the General Fund (budget) rather than in the Capital Projects Funds (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
General Fund	
	General
GAAP Basis	\$ (201,689)
Net Adjustment for Revenue Accruals	783
Net Adjustment for Expenditure Accruals	4,574
Net Adjustment for Capital Improvements*	(203,308)
Net Adjustment for Transfers Out	225,167
Encumbrances	(71,594)
Budget Basis	\$ (246,067)

*The Chilo Lock/Dam Improvement received \$326,637 in state revenue and expended \$469,378 that was accounted in the General Fund for budgetary purposes and in the Park District Capital Project Fund for GAAP purposes. The Sycamore Park Project expended \$60,567 in local money that was accounted in the General Fund for budgetary purposes and in the Sycamore Park Capital Project Fund for GAAP purposes.

Note 4 – Fund Deficits

The Sycamore Park Capital Project fund had a deficit fund balance of \$61,895. The deficit in this fund was due to the general fund contributing to the capital project.

Note 5 – Change in Basis of Accounting and Restatement of Prior Year Net Assets

For fiscal year 2005, the District implemented generally accepted accounting principles and GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments. GASB 34 creates new basic financial statements to report the District financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 – Change in Basis of Accounting and Restatement of Prior Year Net Assets (Continued)

	General	Sycamore Park Capital Project	Park District Capital Project	Nonmajor Funds	Total
Fund Balance December 31, 2004	\$ 396,868	\$ (1,328)	\$ 147,456	\$ 0	\$ 542,996
Accrued Interest Receivable	2,109	0	1,541	0	3,650
Intergovernmental Receivable	19,880	0	82,426	0	102,306
Taxes Receivable	372,831	0	0	0	372,831
Accounts Payable	(9,361)	0	0	0	(9,361)
Accrued Wages	(7,827)	0	0	0	(7,827)
Contracts Payable	0	0	(257,587)	0	(257,587)
Intergovernmental Payable	(1,935)	0	0	0	(1,935)
Deferred Revenue	(380,563)	0	(83,052)	0	(463,615)
Adjusted Fund Balance December 31, 2004	<u>\$ 392,002</u>	<u>\$ (1,328)</u>	<u>\$ (109,216)</u>	<u>\$ 0</u>	281,458
GASB 34 Adjustments					
Capital Assets, net					3,416,253
Accrued Interest Payable					(1,667)
Long term liabilities					(507,489)
Deferred Revenue					122,392
Governmental Activities Net Assets, December 31, 2004					<u>\$ 3,310,947</u>

Note 6 – Receivables

Receivables at December 31, 2005, consisted of taxes, accrued interest, and intergovernmental receivables arising from grants, entitlements and shared revenues. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Taxes

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2005 were based, are as follows:

Real Property	\$3,770,595,080
Public Utility and Tangible Personal Property	451,863,284
Total Assessed Property Value	<u>\$4,222,458,364</u>

Real property taxes collected in 2005 were levied after October 1, 2004 on the assessed values of the preceding January 1, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in tax year 2002. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 23% of true value. In 2005, each eligible business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State at 85%. Real property taxes are payable annually or semi-annually. In 2005, if paid annually, payment was due by February 7, 2005. If paid semi-annually, the first payment (at least ½ of amount billed) was due February 7, 2005 with the remainder due July 7, 2005.

CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 – Receivables (Continued)

The County Auditor distributes portions of the taxes collected to all taxing districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property taxes in June and October for the first and second halves of the year, respectively. The County accrues billed but uncollected property taxes as receivables at their estimated net realizable value. On the modified accrual basis the delinquent taxes outstanding and available to the District within the first 30 days of 2005 were recorded as 2005 revenue, the remaining taxes receivable are offset by a credit to deferred revenue. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills without a vote of the people. For 2005 collections, the County levied .10 mills for the District.

Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Homestead and Rollback	18,463
Ohio Clean Air Grant	<u>60,567</u>
Total Governmental Activities	<u><u>\$79,030</u></u>

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	<u>12/31/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2005</u>
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$1,494,500	\$0	(\$68,300)	\$1,426,200
Construction in Progress	<u>1,266,626</u>	<u>325,861</u>	<u>0</u>	<u>1,592,487</u>
Total Capital Assets at Historical Cost not being depreciated	<u>2,761,126</u>	<u>325,861</u>	<u>(68,300)</u>	<u>3,018,687</u>
Capital Assets being depreciated:				
Building and Improvements	681,914	171,311	0	853,225
Furniture, Fixtures, and Equipment	<u>78,980</u>	<u>24,985</u>	<u>(7,800)</u>	<u>96,165</u>
Total Capital Assets at Historical cost being depreciated	<u>760,894</u>	<u>196,296</u>	<u>(7,800)</u>	<u>949,390</u>
Less Accumulated Depreciation:				
Building and Improvements	(77,856)	(17,300)		(95,156)
Furniture, Fixtures, and Equipment	<u>(27,911)</u>	<u>(9,674)</u>	<u>7,800</u>	<u>(29,785)</u>
Total Accumulated Depreciation	<u>(105,767)</u>	<u>(26,974)</u>	<u>7,800</u>	<u>(124,941)</u>
Total Capital Assets, being depreciated, net	<u>655,127</u>	<u>169,322</u>	<u>-</u>	<u>824,449</u>
Governmental Activities Capital Assets, Net	<u><u>\$3,416,253</u></u>	<u><u>\$495,183</u></u>	<u><u>(\$68,300)</u></u>	<u><u>\$3,843,136</u></u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Conservation and Reservation	<u><u>\$26,974</u></u>

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 – Long-Term Debt and Obligations

Long-term debt and other obligations of the District at December 31, 2005 were as follows:

Governmental Activities

	Interest Rate %	Maturity	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005	Amounts Due in One Year
Special Obligation Bonds							
2004 Special Obligation Improvement Bond	4.00%	2024	\$ 500,000	\$ 0	\$ 16,800	\$ 483,200	\$ 17,500
Compensated Absences			<u>7,489</u>	<u>12,043</u>	<u>7,489</u>	<u>12,043</u>	<u>8,877</u>
Total Governmental Activities Long-Term Liabilities			<u>\$ 507,489</u>	<u>\$ 12,043</u>	<u>\$ 24,289</u>	<u>\$ 495,243</u>	<u>\$ 26,377</u>

Annual debt service requirements for the District's long-term debt are as follows:

Special Obligation Bond		
Year	Principal	Interest
2006	17,500	19,328
2007	18,100	18,628
2008	18,900	17,904
2009	19,600	17,148
2010	20,500	16,364
2011-2015	115,000	68,880
2016-2020	140,100	43,952
2021-2024	133,500	13,616
TOTAL	<u>\$483,200</u>	<u>\$215,820</u>

Special Obligation Bond

In 2004, the District issued a special obligation bond in the amount of \$500,000 for the renovating, equipping and furnishing the Chilo Lock and Dam No. 34 Operation Building and adjacent Lockmaster House. The debt requires semi-annual interest payments and annual principal payments beginning June 1, 2004 through December 1, 2024.

Note 9 – Amendments to Original Appropriations Budget

Amendments beyond the object level must be approved by the Park Board. In 2005, the original appropriation measure was increased and decreased by the Board with the net effect as follows: General Fund \$118,429.

Note 10 - Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District belongs to the Ohio Government Risk Management Plan (the Plan), a risk-sharing pool available to Ohio local governments. The Pool provides property and casualty coverage for its members. Member governments pay annual contributions to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 - Risk Management (Continued)

The Plan retains property risks, including automobile physical damage, up to \$2,000,000 on any specific loss in any one occurrence.

The aforementioned casualty and property reinsurance agreements do not discharge the Plan's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government. Settled claims have not exceeded coverage in any of the past five years.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 11 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio. OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan - a cost sharing multiple-employer defined benefit pension plan;
- 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 percent 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.
- 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. The 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, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2005 was 8.5% for employees. The 2005 employer contribution rate was 13.55% of covered payroll. The District's contributions to PERS for the years ended December 31, 2005, 2004 and 2003 were \$30,648; \$25,512; \$24,478 respectively, 100% has been contributed for the years 2005, 2004, and 2003.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2005 employer contribution rate was 13.55 % of covered payroll for employees not engaged in law enforcement, 4.00 % was the portion that was used to fund health care.

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2004. 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 unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.00%. 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 .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years health care costs were assumed to increase at 4%.

At December 31, 2005, the total number of active contributing participants was 376,109. The 2005 rate of 4.00% was the actuarially determined contribution requirements for OPERS. As of December 31, 2004, the net assets available for future OPEB were \$10.8 billion. The Health District's actual contributions for 2005 which were used to fund OPEB were \$9,047 for employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**CLERMONT COUNTY PARK DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 13 – Other Employee Benefits

District employees have the option of participating in four state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered "made available" just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the District and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

Clermont County Park District
Clermont County
2228 State Route 50
Batavia, Ohio 45103

To the Park Board of Commissioners:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clermont County Park District, Clermont County, Ohio (the District), as of and for the years ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2008 where we noted the District implemented General Accounting Standards Board Statement Number 34. 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.

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.

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 noted a certain matter that we reported to the District's management in a separate letter dated February 8, 2008.

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

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

Mary Taylor, CPA
Auditor of State

February 8, 2008



Mary Taylor, CPA
Auditor of State

CLERMONT COUNTY PARK DISTRICT

CLERMONT 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
MAY 13, 2008**