

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2007 and 2006

**BETTY JONES, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

Board of Commissioners  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have reviewed the *Independent Auditor's Report* of the Highland Community Park District, Morrow County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Highland Community Park District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 23, 2008

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**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report**

Board of Trustees  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have audited the accompanying financial statements of Highland Community Park District, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of Highland Community Park 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 2, Highland Community Park 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting Highland Community Park District's larger (i.e. major) funds separately. While Highland Community Park 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 Highland Community Park District to reformat their statements. Highland Community Park 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.

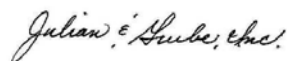
Independent Auditor's Report  
Highland Community Park District  
Page 2

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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Highland Community Park District as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Highland Community Park District, Morrow County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2008, on our consideration of Highland Community Park 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.



Julian & Grube, Inc.  
July 1, 2008

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2007 AND 2006

| <u>Cash and Cash Equivalents</u> | <u>2007</u>          | <u>2006</u>          |
|----------------------------------|----------------------|----------------------|
| Cash and Cash Equivalents        | \$ 30,804            | \$ 30,460            |
| Total Cash and Cash Equivalents  | <u>\$ 30,804</u>     | <u>\$ 30,460</u>     |
| <br><u>Cash Fund Balances</u>    |                      |                      |
| <u>Governmental Fund Types:</u>  |                      |                      |
| General                          | \$ 30,683            | \$ 30,339            |
| Capital Projects                 | 121                  | 121                  |
| Total Governmental Fund Types    | <u>30,804</u>        | <u>30,460</u>        |
| <br>Total Cash Fund Balances     | <br><u>\$ 30,804</u> | <br><u>\$ 30,460</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | Governmental<br>Fund Types |                     | Total<br>(Memorandum<br>Only) |
|---|----------------------------|---------------------|-------------------------------|
|   | General                    | Capital<br>Projects |                               |
| Cash receipts:                              |                            |                     |                               |
| Sales                                       | \$ 48,253                  | \$ -                | \$ 48,253                     |
| Gifts and donations                         | 7,995                      | -                   | 7,995                         |
| Investment income                           | 101                        | -                   | 101                           |
| Miscellaneous                               | 2,485                      | -                   | 2,485                         |
| Total cash receipts                         | <u>58,834</u>              | <u>-</u>            | <u>58,834</u>                 |
| Cash disbursements:                         |                            |                     |                               |
| Current:                                    |                            |                     |                               |
| Concession inventory                        | 26,975                     | -                   | 26,975                        |
| Maintenance                                 | 6,012                      | -                   | 6,012                         |
| Contracts-services                          | 11,859                     | -                   | 11,859                        |
| Advertising and printing                    | 343                        | -                   | 343                           |
| Utilities                                   | 3,942                      | -                   | 3,942                         |
| Capital outlay                              | 8,796                      | -                   | 8,796                         |
| Other                                       | 563                        | -                   | 563                           |
| Total cash disbursements                    | <u>58,490</u>              | <u>-</u>            | <u>58,490</u>                 |
| Total cash receipts over cash disbursements | <u>344</u>                 | <u>-</u>            | <u>344</u>                    |
| Cash fund balances, January 1, 2007         | <u>30,339</u>              | <u>121</u>          | <u>30,460</u>                 |
| Cash fund balances, December 31, 2007       | <u>\$ 30,683</u>           | <u>\$ 121</u>       | <u>\$ 30,804</u>              |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007

| Fund Types        | Receipts                                  |          |                                 |                         | Disbursements                          |   |                        |           | Variance<br>Favorable<br>(Unfavorable) |                              |  |             |
|-------------------|---|----------|---------------------------------|-------------------------|--|---|------------------------|-----------|--|------------------------------|--|-------------|
|                   | County<br>Certified<br>Uncumbered<br>Cash | Budget   | Total<br>Estimated<br>Resources | Actual 2007<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2007<br>Appropriations | Total     |  | Actual 2007<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/07 | Total       |
| Governmental:     |   |          |                                 |                         |  |   |                        |           |  |                              |  |             |
| General           | \$ 32,226                                 | \$ 8,100 | \$ 40,326                       | \$ 58,834               | \$ 8,508                               | \$ -                                      | \$ 37,825              | \$ 37,825 | \$ 58,490                              | \$ -                         | \$ 58,490                                  | \$ (20,665) |
| Total             | \$ 32,226                                 | \$ 8,100 | \$ 40,326                       | \$ 58,834               | \$ 8,508                               | \$ -                                      | \$ 37,825              | \$ 37,825 | \$ 58,490                              | \$ -                         | \$ 58,490                                  | \$ (20,665) |
| (Memorandum Only) |   |          |                                 |                         |  |   |                        |           |  |                              |  |             |

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

|  | Governmental<br>Fund Types |                     | Total<br>(Memorandum<br>Only) |
|--|----------------------------|---------------------|-------------------------------|
|  | General                    | Capital<br>Projects |                               |
| Cash receipts:                                 |                            |                     |                               |
| Sales  | \$ 33,921                  | \$ -                | \$ 33,921                     |
| Gifts and donations                            | 1,655                      | -                   | 1,655                         |
| Interest                                       | 158                        | -                   | 158                           |
| Miscellaneous                                  | 111                        | -                   | 111                           |
| Fees   | 650                        | -                   | 650                           |
| Claim reimbursement                            | 4,219                      | -                   | 4,219                         |
| Total cash receipts                            | <u>40,714</u>              | <u>-</u>            | <u>40,714</u>                 |
| Cash disbursements:                            |                            |                     |                               |
| Current:                                       |                            |                     |                               |
| Concession inventory                           | 19,946                     | -                   | 19,946                        |
| Equipment                                      | 2,712                      | -                   | 2,712                         |
| Maintenance                                    | 2,997                      | -                   | 2,997                         |
| Contracts-services                             | 7,587                      | -                   | 7,587                         |
| Advertising and printing                       | 187                        | -                   | 187                           |
| Utilities                                      | 3,402                      | -                   | 3,402                         |
| Capital outlay                                 | 3,335                      | -                   | 3,335                         |
| Other  | 884                        | -                   | 884                           |
| Total cash disbursements                       | <u>41,050</u>              | <u>-</u>            | <u>41,050</u>                 |
| Total cash receipts (under) cash disbursements | (336)                      | -                   | (336)                         |
| Cash fund balances, January 1, 2006            | <u>30,675</u>              | <u>121</u>          | <u>30,796</u>                 |
| Cash fund balances, December 31, 2006          | <u>\$ 30,339</u>           | <u>\$ 121</u>       | <u>\$ 30,460</u>              |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006

| Fund Types        | Receipts                                  |        |                                 |                         |  | Disbursements                             |                        |           |                              |  | Variance<br>Favorable<br>(Unfavorable) |            |
|-------------------|---|--------|---------------------------------|-------------------------|--|---|------------------------|-----------|------------------------------|--|--|------------|
|                   | County<br>Certified<br>Uncumbered<br>Cash | Budget | Total<br>Estimated<br>Resources | Actual 2006<br>Receipts | Variance<br>Favorable<br>(Unfavorable) | Prior Year<br>Carryover<br>Appropriations | 2006<br>Appropriations | Total     | Actual 2006<br>Disbursements | Encumbrances<br>Outstanding<br>at 12/31/06 |  | Total      |
| Governmental:     |   |        |                                 |                         |  |   |                        |           |                              |  |  |            |
| General           | \$ -                                      | \$ -   | \$ -                            | \$ 40,714               | \$ 40,714                              | \$ -                                      | \$ 39,975              | \$ 39,975 | \$ 41,050                    | \$ -                                       | \$ 41,050                              | \$ (1,075) |
| Total             | \$ -                                      | \$ -   | \$ -                            | \$ 40,714               | \$ 40,714                              | \$ -                                      | \$ 39,975              | \$ 39,975 | \$ 41,050                    | \$ -                                       | \$ 41,050                              | \$ (1,075) |
| (Memorandum Only) |   |        |                                 |                         |  |   |                        |           |                              |  |  |            |

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Highland Community Park District, (the "District"), Morrow County, Ohio, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is directed by a seven-member Board of Commissioners appointed by each of the following entities: Chester Township, Bennington Township, South Bloomfield Township, Highland School Board, Village of Chesterville, Village of Marengo and Village of Sparta. The District acquires land to construct, maintain and operate a recreational and/or activity center to educate the public as to the health benefits of sports, exercise and especially baseball; to promote and educate the public especially children, in all aspects of sport safety; and to encourage the establishment, organization and development of recreational facilities by public authorities.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the District's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the District are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the District:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

The general fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following Capital Projects Fund:

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Capital Improvement Fund* - This fund received local grant proceeds to construct exercise stations along the District's walking paths.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund separating each department and the personal services within. Any budgetary modifications at this level may only be made by resolution of the District's Board.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. The Morrow County Budget Commission waived the requirement for filing a tax budget for 2007 and 2006.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the District determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The District had no supplemental appropriations during the years ended December 31, 2007 and 2006.

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. The District did not use the encumbrance method of accounting.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2007 and 2006.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements

**NOTE 3 - COMPLIANCE**

- A. The District had appropriations exceeding resources at December 31, 2006 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- B. The District did not certify to the County Auditor the total amount available for all sources in noncompliance with Ohio Revised Code Section 5705.36.
- C. The District had expenditures exceeding appropriations during 2007 and 2006 in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.
- D. The District did not properly certify disbursements contrary to Ohio Revised Code Section 5705.41(D) for 2007 and 2006.

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

|                 | <u>2007</u>      | <u>2006</u>      |
|-----------------|------------------|------------------|
| Demand deposits | <u>\$ 30,804</u> | <u>\$ 30,460</u> |

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

**NOTE 5 - RISK MANAGEMENT**

The District has obtained commercial insurance for comprehensive property and general liability.



**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 6 - CONTINGENT LIABILITY**

LITIGATION

The District is currently not involved in litigation.

**NOTE 7 - SALES**

The District operates a concession stand located on District premises. Two volunteers manage the day to day operations and reporting, while additional volunteers help with concession sales. When an outside organization provides volunteers to help with concession stand sales, the District donates a portion of the sales to that organization. The amount reported as sales revenue during 2007 and 2006, were \$48,253 and \$33,921, respectively.

**NOTE 8 - SUBSEQUENT EVENT**

On July 15, 2007, Fiscal Officer Patricia Davies resigned. On July 15, 2007, Ken Stuff was appointed Fiscal Officer. Ken Stuff resigned at the end of December, 2007. Betty Jones was appointed Fiscal Officer on January 2, 2008.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have audited the financial statements of Highland Community Park District, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 1, 2008, wherein we noted Highland Community Park 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Highland Community Park District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Highland Community Park District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Highland Community Park 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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Highland Community Park 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 a misstatement of Highland Community Park District's financial statements that is more than inconsequential will not be prevented or detected by Highland Community Park District's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2007-HCPD-001, 2007-HCPD-002, 2007-HCPD-003, 2007-HCPD-004 and 2007-HCPD-005.

Board of Trustees  
Highland Community Park District

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Highland Community Park District's internal control.

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 deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-HCPD-001, 2007-HCPD-002, 2007-HCPD-003, 2007-HCPD-004 and 2007-HCPD-005 to be material weaknesses.

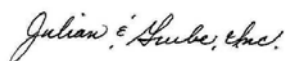
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highland Community Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2007-HCPD-006, 2007-HCPD-007, 2007-HCPD-008, 2007-HCPD-009, 2007-HCPD-010 and 2007-HCPD-011.

We noted certain matters that we reported to the management of Highland Community Park District in a separate letter dated July 1, 2008.

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

This report is intended solely for the information and use of the management and Board of Highland Community Park District, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
July 1, 2008

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| <b>FINDING RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |               |
|---|---------------|
| Finding Number  | 2007-HCPD-001 |

Significant Deficiency/Material Weakness

In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 112 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. One of those deficiencies, which is applicable to the District is the following:

Record Storage and Retrieval

Accounting records frequently could not be located for the year ended December 31, 2007. The causes of the problem were numerous:

- Lack of a clearly specified system for filing records
- Failure of those who removed records from the files to indicate who took the record
- Failure to return the record to the files or misfiling it when it was returned
- Lack of specific policies for removing prior year records from the files to a designated storage space

The result was that employees spent nonproductive time searching for needed documents. The condition could also present problems when auditors or government agencies need documentation, such as revenue reports, expenditure reports and other reports subject to audit. We recommend the following steps be taken:

- Decide on a systematic manner of filing documents, e.g., monthly folders consisting of vendor bills filed in numeric order, receipts filed in numeric order, all approved bank statements and reconciliations with all attached supporting documentation, etc.
- Describe the system in the accounting manual or post a description on the filing cabinets or storage room so employees will know how to find and refile documents.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| FINDING RELATED TO THE FINANCIAL STATEMENTS<br>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) |                             |
|---|-----------------------------|
| Finding Number  | 2007-HCPD-001 - (Continued) |

- Institute use of sign-out cards to be filled out when a document is removed from a file, showing who took the record.
- Establish a policy in accordance with the Ohio Revised Code specifying which records should be retained permanently, which records should be kept only for a given period before being destroyed, and how long the period of time should be for the various documents' termination.
- Decide when unneeded records should be removed to other storage areas to create room for needed records.
- Assign personnel the responsibility of periodically cleaning out the files in accordance with the established policy.

Implementation and communication of the above will help enable the District to operate more effectively and efficiently.

*Client Response:* The District will attempt to retain all necessary documentation.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-002 |
|----------------|---------------|

Significant Deficiency/Material Weakness

Bank Account Reconciliations

During the changes between Fiscal Officer's, the District did not reconcile their three bank accounts on a monthly basis from July 2007 through December 2007.

It is important to properly reconcile bank statements monthly to easily identify discrepancies in cash and the District records and to ensure all amounts are properly recorded.

We recommend that the bank account be reconciled monthly to the District's system and that all reconciling items be promptly investigated and adjusted, if necessary with adequate explanations and approval by the Board. We further recommend that the District review and sign off on all monthly bank reconciliations and supporting documentation timely. This will help ensure proper accounting balances. We further recommend the District consider obtaining a periodic review of transactions recorded and bank reconciliations prior to year end close by a responsible fiscal person. This will help ensure any discrepancies found can be corrected and thus help facilitate more accurate financial reporting. The District was reconciled at year end.

*Client Response:* The District Board will attempt to review the monthly bank reconciliations in a timely manner.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| <b>FINDING RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |               |
|---|---------------|
| Finding Number  | 2007-HCPD-003 |

Significant Deficiency/Material Weakness

The District does not have a formal policy on handling and recording gifts and donations. In addition documentation is not always maintained to support gifts and donations received. Pre-numbered receipts and donation forms were not used consistently, nor were the donation forms pre-numbered. These weaknesses could result in monies being diverted or lost without management’s knowledge.

We recommend that the District use pre-numbered receipts and/or pre-numbered donation forms for all revenues collected by the District and the Fiscal Officer reconcile daily duplicate receipts and/or donation forms to amounts deposited and posted to the accounting system. In addition, the Board should establish written policies and procedures governing fund raising activities and the acceptance of donations. Among other matters, these policies should address authorizing fund raising events and acknowledgement by the Board of donations received above specified amounts.

Client Response: The District Fiscal Officer will attempt to consistently use the methods described above.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-004 |
|----------------|---------------|

Significant Deficiency/Material Weakness

Concession Stand

The District does not have policies and procedures in place to support concession stand receipts. Daily tally sheets were not used or maintained nor was there any detailed sales report. These weaknesses could result in monies being diverted or lost without management’s knowledge.

We recommend the Board implement policies and procedures to be followed by volunteers collecting monies in order to account for sales and help ensure proper amounts collected are being remitted to the District. The Board should also consider implementing policies and procedures to better monitor its collections and inventories.

Client Response: The Board will develop mandatory sales forms to be completed by the volunteers and require they are submitted to the clerk for appropriate record keeping.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| FINDING RELATED TO THE FINANCIAL STATEMENTS<br>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) |               |
|---|---------------|
| Finding Number  | 2007-HCPD-005 |

Significant Deficiency/Material Weakness

Appropriation Ledger

An appropriation ledger was not maintained throughout the years ended December 31, 2007 and 2006.

It is not proper budgeting stewardness for the District to expend monies or incur obligations without maintaining an appropriation ledger to monitor that funds have been properly appropriated for such expenditures.

We recommend that the District Fiscal Officer maintain an appropriation ledger based on temporary, then permanent, then modified (if applicable) appropriations. These ledgers should be reviewed monthly by the Board to enable them to monitor disbursements and facilitate the making of appropriate budgetary decisions. The District may consider consulting with an accounting firm to help monitor compliance with this requirement. We also recommend the District consider obtaining a more comprehensive computerized system to help with efficiency and effectiveness throughout the year.

Client Response: The Board will attempt to require monthly appropriation ledgers to be completed and presented for review on a monthly basis.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-006 |
|----------------|---------------|

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed the total estimated resources.

Total appropriations exceeded total estimated resources at December 31, 2006 in the following fund:

| <u>December 31, 2006</u> | <u>Appropriations</u> | <u>Estimated Resources</u> | <u>Excess</u> |
|--------------------------|-----------------------|----------------------------|---------------|
| General Fund             | \$ 39,975             | \$ -                       | \$ 39,975     |

With appropriations exceeding estimated resources the District may spend more funds than in the Treasury or process of collection and cause fund deficits.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| <b>FINDING RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |                             |
|---|-----------------------------|
| Finding Number  | 2007-HCPD-006 - (Continued) |

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget throughout the year and at year end. If it is determined that estimated revenues will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a continual basis.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-007 |
|----------------|---------------|

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the District's Fiscal Officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

It was noted during the year that the District did not request timely amended certificates throughout the year upon notice of increased or decreased resources in 2006.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the year and at year end.

We recommend that the District review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the District's appropriation process.

Client Response: The District is attempting to monitor fiscal budget more closely and to submit additional amendments for estimated resources more frequently throughout the year and at year end.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-008 |
|----------------|---------------|

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations

The District did not timely modify its appropriations throughout the year and at year end for 2007 and 2006.



**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| FINDING RELATED TO THE FINANCIAL STATEMENTS<br>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) |                             |
|---|-----------------------------|
| Finding Number  | 2007-HCPD-008 - (Continued) |

By not timely and properly modifying the District’s appropriations, the District is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly result in fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary. We recommend that the Board adopt accounting policies for amending appropriations (and include these policies in the Board’s accounting policies and procedures manual), consider reviewing estimated resources and appropriations and expenditures versus appropriations on a monthly basis, and certify amendments to the Board of Trustees as necessary. We recommend the Board utilize its accounting software or a spreadsheet to help monitor the budget.

*Client Response:* The District will more closely monitor its expenditures versus approved appropriations throughout the year and at year end and obtain additional approved modifications as necessary.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-009 |
|----------------|---------------|

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been lawfully appropriated.

The District had expenditures exceeding appropriations at year end in the following funds:

| <u>December 31, 2007</u> | <u>Appropriations</u> | <u>Expenditures</u> | <u>Excess</u> |
|--------------------------|-----------------------|---------------------|---------------|
| General                  | \$ 37,825             | \$ 58,490           | \$ 20,665     |
| <u>December 31, 2006</u> |                       |                     |               |
| General                  | 39,975                | 41,050              | 1,075         |

Disclosure is presented at the fund level, due to the impracticality of disclosing these values at the legal level of control.

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Board of Trustees. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget through the year. This may be achieved by monitoring the budget more closely on a continual basis.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| <b>FINDING RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |                             |
|---|-----------------------------|
| Finding Number  | 2007-HCPD-009 - (Continued) |

*Client Response:* The District will more closely monitor its expenditures versus approved appropriations throughout the year and obtain additional approved modifications as necessary.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-010 |
|----------------|---------------|

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract 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 encumbrances.

The District did not process Fiscal Officer certificates for the years ended December 31, 2007 and 2006 prior to expending funds. While a listing of all disbursements is provided to the Board at each meeting (if applicable) prior to payment, no Fiscal Officer certificates were issued.

Without timely certification, the District may expend more funds than available in the treasury, in the process of collection or than funds appropriated. In addition, by purchasing items prior to Board approval or absent the Fiscal Officer’s certificate process, the potential for unnecessary purchases or items for improper public purpose cannot be prevented if approval is after the fact.

We recommend that the District implement a policy and procedure for the use of Fiscal Officer certificates to help ensure that the disbursements are timely certified. This will help ensure that all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The District should issue approved Fiscal Officer certificates and consider using regular blanket and super blanket purchase orders, and/or “Then and Now” certificates where applicable.

*Client Response:* The District’s Fiscal Officer will attempt to utilize the Fiscal Officer’s certificate system as required by the Ohio Revised Code.

|                |               |
|----------------|---------------|
| Finding Number | 2007-HCPD-011 |
|----------------|---------------|

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officer’s to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

For years ended December 31, 2007 and 2006, the District did not properly certify unencumbered fund balances at January 1, 2007 and 2006.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

| <b>FINDING RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |                             |
|---|-----------------------------|
| Finding Number  | 2007-HCPD-011 - (Continued) |

The District is not properly certifying its most current estimated resources to the appropriate authorities as required by law.

We recommend that the District consult the Ohio Compliance Supplement and its auditors to ensure that the District's fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the District to properly appropriate funds within its available resources.

Client Response: The District's Fiscal Officer will certify to the County Auditor the total amount available.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

| <u>Finding Number</u> | <u>Finding Summary</u>  | <u>Fully Corrected?</u> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b> |
|-----------------------|---|-------------------------|--|
| 2005-HCPD-001         | Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.   | No                      | Repeated as 2007-HCPD-009  |
| 2005-HCPD-002         | Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract 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 encumbrances. | No                      | Repeated as 2007-HCPD-010  |
| 2005-HCPD-003         | The District does not have a formal policy on handling and recording gifts and donations.   | No                      | Repeated as 2007-HCPD-003  |
| 2005-HCPD-004         | The District does not have policies and procedures in place to support concession stand receipts.   | No                      | Repeated as 2007-HCPD-004  |
| 2005-HCPD-005         | It was noted during the audit that an appropriation ledger was not maintained throughout the years ended December 31, 2005 and 2004.  | No                      | Repeated as 2007-HCPD-005  |



**Mary Taylor, CPA**  
Auditor of State

**HIGHLAND COMMUNITY PARK DISTRICT**

**MORROW 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 7, 2008**