

WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004



Mary Taylor, CPA

Auditor of State

Board of Park Commissioners
Waldo Township Park District
P.O. Box 497
Waldo, Ohio 43356

We have reviewed the *Independent Auditors' Report* of the Waldo Township Park District, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2004 through December 31, 2005. 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 Auditors' 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 Auditors' 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 Waldo Township Park District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 14, 2007

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TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2005 and 2004.....	5
Notes to the Financial Statements.....	6-7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	8
Schedule of Audit Findings.....	9-11
Schedule of Prior Year Audit Findings.....	12

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waldo Township Park District
Marion County

We have audited the accompanying financial statements of Waldo Township Park District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.


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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Waldo Township Park District, Marion County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As an emphasis of a matter and as discussed in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards* and the associated Findings, there are material weaknesses in the District's compliance and internal control.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

June 14, 2007

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

	2005	2004
CASH RECEIPTS:-		
Local taxes	\$ 19,941	\$ 19,554
Intergovernmental	2,488	2,413
Earnings on investments	88	82
Other revenue	801	12
Total cash receipts	23,318	22,061
CASH DISBURSEMENTS:-		
Current:-		
Supplies	171	155
Utilities	762	881
Contracts- Services	11,719	9,083
Other	16,425	13,020
Capital outlay	0	14,000
Total cash disbursements	29,077	37,139
Total cash receipts over (under) cash disbursements	(5,759)	(15,078)
Fund cash balances, January 1	24,109	39,187
Fund cash balances, December 31	\$ 18,350	\$ 24,109

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

WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Waldo Township Park District, Marion County, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Marion County. The district acquires lands for conversion into forest reserves and for the conservation of 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 financial statements present all activities for which the District is financially accountable.

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Budgetary Process - The Ohio Revised Code requires that the District budget each fund annually.

Appropriations

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

Estimated Resources

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

Encumbrances

The District did not use the encumbrance method of accounting.

The District did not follow budgetary requirements relating to adopting a budget and establishing appropriations and estimated resources.

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.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 2 - EQUITY IN POOLED CASH:-

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

	2005	2004	
Deposits:-			
Demand Deposits	\$ <u>18,350</u>	\$ <u>24,109</u>	
Total deposits	<u>\$ 18,350</u>	<u>\$ 24,109</u>	

Deposits - The District's deposits are insured by the Federal Depository Insurance Corporation.

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ended December 31, 2005 and 2004 are not presented as the District did not follow budgetary requirements.

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to Marion County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to Marion County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

NOTE 5 - RISK MANAGEMENT:-

The District has obtained commercial insurance for general liability.



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Commissioners
Waldo Township Park District
Marion County

We have audited the accompanying financial statements of Waldo Township Park District, Marion County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 14, 2007, wherein we noted the District had followed accounting practices the Auditor of State of Ohio 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 the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, which is reported in the Schedule of Findings as items 2005-003 and 2005-004. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated June 14, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are reported in the Schedule of Findings as items 2005-001, 2005-002, 2005-005, 2005-006. In a separate letter to the District's management dated June 14, 2007, we also reported other matters related to noncompliance we deemed immaterial.

This report is intended solely for the information and use of the management and Board of Commissioners. It is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

June 14, 2007

-8-

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OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number

2005-001

Budgetary Requirements

Ohio Rev. Code Sections 5705.28, 5705.34, 5705.38, and 5705.41(D) require the District to adopt a budget, certify tax rates, establish appropriations, and certify the availability of funds prior to incurring an obligation. These requirements were effective for the years ending December 31, 2004 and December 31, 2005.

The Board of Park commissioners did not adopt a budget in 2004 or 2005, certify 2004 or 2005 tax rates, establish appropriations in 2004 or 2005, or provide certification for any of the District's expenditures.

We recommend that the District take the necessary steps to properly adopt a budget for each year in accordance with the Ohio Revised Code.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

Finding Number

2005-002

Budgetary Posting and Monitoring

Ohio Administrative Code Sections 117-2-02(D) 2 and 3 states that a receipt or appropriations ledger should be maintained during the audit period to effectively monitor the activity of the District. The District did not maintain a receipt or appropriations ledger during the audit period. By not maintaining these ledgers with budgeted receipts and appropriations, the District may be unable to effectively monitor budgeted versus actual activity.

We recommend the District post all receipts to the receipt ledger and all disbursements to the appropriation ledger. In addition, we also recommend the District record all budgeted receipts in the receipt ledger and appropriations in the appropriation ledger in order to monitor budgetary activity.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

Finding Number

2005-003

Bank Reconciliations

Monthly bank statement reconciliations were not performed during the audit period. By not reconciling monthly bank statements to the cashbook, the District cannot determine that all receipts and disbursements have been properly posted to the depository account or determine the District's true cash position.

We recommend that the Clerk reconcile the District's monthly bank statements to the cash book on a monthly basis.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	2005-004
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Internal Control and Review Procedures

The Board has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the District's Board is not reviewing monthly reports or items such as the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The District should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the District each month.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

Finding Number	2005-005
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Park Commissioners Bonding

Ohio Revised Code Section 1545.05 requires each Park Commissioner to execute a bond prior to entering upon the duties of one of the Commissioners. The bond amount and surety is to be established by resolution of the governing authority.

The Commissioner's designated an individual as a fiscal officer/treasurer, but they did not execute a bond for any of the Park Commissioner positions, including the officer/treasurer, nor did they set the amount of the surety through a resolution.

We recommend the District take the necessary steps to establish a resolution regarding the terms and amount of the surety for each of the Commissioners bonding. In addition, the Park District should purchase the bonds to assist in risk management for protection of the public monies.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	2005-006
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Filing of Financial Reports

Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Also, the entity must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief financial officer.

During our testing we noted that the park district did not prepare, file, or publish notice of an annual report for 2004 or 2005.

We recommend the District file a cash basis financial report for each year in a timely manner as required by the Ohio Revised Code.

Officials' Response

The Park District is aware of the above issue and is currently reviewing the procedures to prevent this condition from occurring in the future.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Budgetary Requirements	No	Not Corrected. Finding is repeated for current audit period as 2005-001.
2003-002	Budgetary Posting and Monitoring	No	Not Corrected. Finding is repeated for current audit period as 2005-002.
2003-003	Bank Reconciliations	No	Not Corrected. Finding is repeated for current audit period as 2005-003.
2003-004	Board Monitoring	No	Not Corrected. Finding is repeated for current audit period as 2005-004.



Mary Taylor, CPA
Auditor of State

WALDO TOWNSHIP PARK DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2007**