



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SANDUSKY COUNTY PARK DISTRICT

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Sandusky County Park District
1970 Countryside Drive
Fremont, Ohio 43420-8750

To the Board of Commissioners:

We have audited the accompanying financial statements of Sandusky County Park District (the District) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management and the Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 15, 2002

SANDUSKY COUNTY PARK DISTRICT

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$414,785		\$414,785
Intergovernmental	84,437		84,437
Grants	5,168		5,168
Investment Income	17,593		17,593
Gifts and Donations	500,745		500,745
Fees	113,329		113,329
Sales	10,848		10,848
Other Receipts	5,667	\$230	5,897
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,152,572	230	1,152,802
Cash Disbursements:			
Current:			
Salaries - Employees	300,910		300,910
Supplies	38,590		38,590
Materials	10,376		10,376
Equipment	30,812		30,812
Contracts - Repair	1,801		1,801
Contracts - Services	90,048		90,048
Grants	30,000		30,000
Rentals	4,856		4,856
Advertising and Printing	10,071		10,071
Travel	4,653		4,653
Public Employees Retirement	61,302		61,302
Workers' Compensation	865		865
Unemployment Compensation	342		342
Medicare	3,346		3,346
Other	14,155		14,155
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	602,127		602,127
Total Receipts Over Disbursements	550,445	230	550,675
Other Financing Receipts/(Disbursements):			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(5,000)	5,000	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	545,445	5,230	550,675
Fund Cash Balances, January 1	247,535	94,607	342,142
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$792,980	\$99,837	\$892,817
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$5,635		\$5,635

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

SANDUSKY COUNTY PARK DISTRICT

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$415,033	\$0	\$415,033
Intergovernmental	84,478		84,478
Grants	1,439		1,439
Investment Income	13,840		13,840
Gifts and Donations	91,253		91,253
Fees	106,901		106,901
Sales	7,522		7,522
Other Receipts	2,801	400	3,201
Total Cash Receipts	<u>723,267</u>	<u>400</u>	<u>723,667</u>
Cash Disbursements:			
Current:			
Salaries - Employees	281,807		281,807
Supplies	42,430		42,430
Materials	12,787		12,787
Equipment	29,998		29,998
Contracts - Repair	8,166		8,166
Contracts - Services	86,200		86,200
Grants	30,000		30,000
Rentals	4,723		4,723
Advertising and Printing	9,237		9,237
Travel	5,685		5,685
Public Employees Retirement	58,888		58,888
Workers' Compensation	227		227
Medicare	3,099		3,099
Land Acquisition	90,000		90,000
Other	7,988		7,988
Total Cash Disbursements	<u>671,235</u>		<u>671,235</u>
Total Receipts Over Disbursements	<u>52,032</u>	<u>400</u>	<u>52,432</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>	<u>5,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>47,032</u>	<u>5,400</u>	<u>52,432</u>
Fund Cash Balances, January 1	<u>200,503</u>	<u>89,207</u>	<u>289,710</u>
Fund Cash Balances, December 31	<u>\$247,535</u>	<u>\$94,607</u>	<u>\$342,142</u>
Reserves for Encumbrances, December 31	<u>\$8,266</u>		<u>\$8,266</u>

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

SANDUSKY COUNTY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sandusky County Park District (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 Sandusky County. The District creates 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.

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. Cash and Investments

As permitted by the Ohio Revised Code, the Sandusky County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. 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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Park Trail Fund - This fund receives grant monies and donations for constructing and maintaining the Park Trail.

SANDUSKY COUNTY PARK DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 2001
(Continued)

Sick Leave Fund - This fund is used to accumulate money in order to pay off employee sick leave and severance pay.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

SANDUSKY COUNTY PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 2001
(Continued)**

2001 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,265,397	\$1,152,572	(\$112,825)
Special Revenue		5,230	5,230
Total	<u>\$1,265,397</u>	<u>\$1,157,802</u>	<u>(\$107,595)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$799,831	\$612,762	\$187,069
Special Revenue	75,000		75,000
Total	<u>\$874,831</u>	<u>\$612,762</u>	<u>\$262,069</u>

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$719,598	\$723,267	\$3,669
Special Revenue	6,000	5,400	(600)
Total	<u>\$725,598</u>	<u>\$728,667</u>	<u>\$3,069</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$807,652	\$684,501	\$123,151
Special Revenue	132,000		132,000
Total	<u>\$939,652</u>	<u>\$684,501</u>	<u>\$255,151</u>

Contrary to Ohio Law, the District did not always certify expenditures in accordance with Ohio Revised Code § 5705.41(D). The District had appropriations which exceed estimated resources in the Park Trail Fund by \$15,946 in FY01 and by \$74,943 in the Nature Works Project Fund in FY00 which is contrary to Ohio Revised Code § 5705.39.

3. 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 Park Commissioners. 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

SANDUSKY COUNTY PARK DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 2001
(Continued)**

financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the 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.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries for full-time employees, and 9% for law enforcement employees. The District picks up the full-time employees' share and 8.5% of the full-time law enforcement employees portion. The law enforcement employees contribute .5%. Seasonal employees contribute 8.5%. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000 and 16.7% of law enforcement employee's gross salaries. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2001. The District has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

The District is a member of the County Risk Sharing Authority, Inc. (the Pool). The Pool assumes the risk of loss up to the limits of the Sandusky County policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of April 30:

	<u>2001</u>	<u>2000</u>
Cash and investments	\$42,942,205	\$38,180,924
Actuarial liabilities	\$18,770,484	\$14,950,340



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Sandusky County Park District
1970 Countryside Drive
Fremont, Ohio 43420-8750

To the Board of Commissioners:

We have audited the accompanying financial statements of Sandusky County Park District (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-60172-001 and 2001-60172-002.

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 assurance 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 over financial reporting 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 no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 15, 2002.

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

Jim Petro
Auditor of State

February 15, 2002

SANDUSKY COUNTY PARK DISTRICT

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-60172-001

Noncompliance Citations

Ohio Revised Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. Appropriations (\$75,000) exceeded estimated resources (\$59,054) in the Park Trail Fund by \$15,946 in FY01 and appropriations (\$75,000) exceeded estimated resources (\$57) by \$74,943 in the Nature Works Project Fund in FY00. Appropriating beyond estimated resources could result in deficit spending. We recommend the District review their amended certificates and keep their appropriations within the total estimated resources.

FINDING NUMBER 2001-60172-002

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

Thirty-five percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all District disbursements receive certification of the fiscal officer that the funds are or will be available.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SANDUSKY COUNTY PARK DISTRICT

SANDUSKY 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
MARCH 19, 2002**