



**Auditor of State
Betty Montgomery**

HANCOCK PARK DISTRICT
HANCOCK COUNTY

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**Auditor of State
Betty Montgomery**

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7006

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 9, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7006

To the Board of Commissioners:

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

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

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 permits, but does not require governments to reformat their statements. The District

has elected not to reformat its statements. Since this 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 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 year ended December 31, 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, 2004, or its changes in financial position for the year then ended.

Also, 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 Hancock Park District, Hancock County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 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 August 9, 2005, 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.



Betty Montgomery
Auditor of State

August 9, 2005

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$757,257	\$114,880	\$872,137
Tangible Personal Property Tax	195,698		195,698
Investment Income	3,853		3,853
Gifts and Donations	825		825
Intergovernmental Revenue	343,329		343,329
Other Receipts	76,223		76,223
	<u>1,377,185</u>	<u>114,880</u>	<u>1,492,065</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	587,749		587,749
Supplies	4,604		4,604
Materials	46,060		46,060
Equipment	38,713		38,713
Contracts - Repair	18,144		18,144
Contracts - Services	222,275		222,275
Rentals	6,091		6,091
Advertising and Printing	22,144		22,144
Travel	4,677		4,677
Public Employees Retirement	81,160		81,160
Workers' Compensation	7,555		7,555
Other	44,202		44,202
Capital Improvements	179,681		179,681
Land Acquisitions	17,647		17,647
Debt:			
Payment of Principal		100,000	100,000
Payment of Interest		14,880	14,880
	<u>1,280,702</u>	<u>114,880</u>	<u>1,395,582</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	96,483		96,483
Fund Cash Balances, January 1	175,623		175,623
Fund Cash Balances, December 31	<u>\$272,106</u>		<u>\$272,106</u>
Reserves for Encumbrances, December 31	<u>\$38,043</u>		<u>\$38,043</u>

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
General Property Tax - Real Estate	\$724,293	\$117,380		\$841,673
Tangible Personal Property Tax	188,236			188,236
Investment Income	4,455			4,455
Gifts and Donations	26,045			26,045
Intergovernmental	483,170		\$100,105	583,275
Other Receipts	76,802			76,802
	<u>1,503,001</u>	<u>117,380</u>	<u>100,105</u>	<u>1,720,486</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries - Employees	538,574			538,574
Supplies	4,167			4,167
Materials	36,702			36,702
Equipment	14,306			14,306
Contracts - Repair	19,675			19,675
Contracts - Services	181,831			181,831
Rentals	5,020			5,020
Advertising and Printing	15,862			15,862
Travel	4,441			4,441
Public Employees Retirement	85,812			85,812
Workers' Compensation	8,524			8,524
Other	57,990			57,990
Capital Improvements	369,381		100,105	469,486
Land Acquisitions	299,346			299,346
Debt:				
Payment of Principal		100,000		100,000
Payment of Interest		17,380		17,380
	<u>1,641,631</u>	<u>117,380</u>	<u>100,105</u>	<u>1,859,116</u>
Total Cash Disbursements				
Total Disbursements over Receipts	(138,630)			(138,630)
Fund Cash Balances, January 1	314,253			314,253
Fund Cash Balances, December 31	<u>\$175,623</u>			<u>\$175,623</u>
Reserves for Encumbrances, December 31	<u>\$40,128</u>			<u>\$40,128</u>

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

C. Cash and Investments

As the Ohio Revised Code permits, the Hancock County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its investment pool, 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 accounts for all financial resources except those required to be accounted for in another fund.

2. Debt Service Fund

This fund accounts for resources the District accumulates to pay note debt. The District established a debt service fund for the repayment of a note used for the construction of River Bend Lodge.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. Capital Project Fund

This fund is used to account for receipts that are restricted for acquisition or construction of major capital projects. The District had the following significant capital project fund:

Issue II Fund - The District received a State Issue Grant for acquiring the farm acquisition.

E. Budgetary Process

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. 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.

A summary of 2004 and 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,230,026	\$1,377,185	\$147,159
Debt Service	114,880	114,880	
Total	<u>\$1,344,906</u>	<u>\$1,492,065</u>	<u>\$147,159</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,364,819	\$1,318,745	\$46,074
Debt Service	117,380	114,880	2,500
Total	<u>\$1,482,199</u>	<u>\$1,433,625</u>	<u>\$48,574</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,562,342	\$1,503,001	(\$59,341)
Debt Service	117,380	117,380	
Capital Projects		100,105	100,105
Total	<u>\$1,679,722</u>	<u>\$1,720,486</u>	<u>\$40,764</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,713,207	\$1,681,759	\$31,448
Debt Service	117,380	117,380	
Capital Projects		100,105	(100,105)
Total	<u>\$1,830,587</u>	<u>\$1,899,244</u>	<u>(\$68,657)</u>

In 2003 the District was the beneficiary of \$100,105 of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the District. These funds were not appropriated causing expenditures to exceed appropriations in the Issue II fund by \$100,105.

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

semiannually, 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.

Property owners assess tangible personal property tax. They must file a list of this 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. DEBT

Debt outstanding at December 31, 2004:

	Principal	Interest Rate
General Obligation Notes	\$300,000	2.5-4.38%

The District issued a Note on March 27, 2002, in the amount of \$500,000 to construct the Riverbend Lodge. The notes were issued for a period of five years. The Notes are collateralized by the taxing authority of the District.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Tax Anticipation Notes
2005	\$111,880
2006	108,380
2007	104,380
Total	\$324,640

5. RETIREMENT SYSTEM

The District's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP& F and OPERS is a cost-sharing, multiple-employer plan. These plans provide 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 2004 and 2003, members of OP&F contribute 10.1 percent of their wages to the OP&F. The District contributed an amount equal to 16.7 percent of their wages. OPERS members contributed 8.5 percent of their wages. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7006

To the Board of Commissioners:

We have audited the financial statements of the Hancock Park District, Hancock County (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 9, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated August 9, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

Hancock Park District
Hancock County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance *Standards* and Other Matters
Required by *Government Auditing*
Page 2

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2004-001.

We intend this report solely for the information and use of the audit committee, management, and Board of Commissioners. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 9, 2005

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Noncompliance Citation

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a governmental entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C. 5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C. 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

In 2003 the District was the beneficiary of \$100,105 of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the District. Since OPWC paid the invoices, the District did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the District applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect these amounts in a Capital Project Fund. These funds were not appropriated causing expenditures to exceed appropriations in the Capital Projects fund by \$100,105 in 2003, contrary to R.C. 5705.41(B) which requires all expenditures to be appropriated.

We recommend the District record all benefits received from state or federal grants as a memo receipt and expenditure on the District's records and appropriate funds for the expenditures. In addition, District management should review Auditor of State Bulletins 2000-008 and 2002-004.



**Auditor of State
Betty Montgomery**

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HANCOCK PARK DISTRICT

HANCOCK 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 6, 2005**