



**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

HANCOCK PARK DISTRICT
HANCOCK COUNTY

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Mary Taylor, CPA

Auditor of State

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7066

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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 8, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7066

To the Board of Commissioners:

We have audited the accompanying financial statements of Hancock Park District, Hancock County, (the District) as of and for the years ended December 31, 2006 and 2005. 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.

Instead of the funds the accompanying financial statements present for 2006 and 2005, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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.

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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, 2006 and 2005, 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, 2006 and 2005, 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 fund cash balances and reserves for encumbrances of Hancock Park District, Hancock County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 8, 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.



Mary Taylor, CPA
Auditor of State

August 8, 2007

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

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

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$816,914	\$108,380	\$925,294
Tangible Personal Property Tax	156,630		156,630
Intergovernmental Revenue	249,329		249,329
Investment Income	19,522		19,522
Gifts and Donations	1,836		1,836
Other Receipts	88,956		88,956
	<u>1,333,187</u>	<u>108,380</u>	<u>1,441,567</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	614,921		614,921
Supplies	6,065		6,065
Materials	55,545		55,545
Equipment	18,375		18,375
Contracts - Repair	23,259		23,259
Contracts - Services	183,836		183,836
Rentals	3,170		3,170
Advertising and Printing	21,530		21,530
Travel	2,471		2,471
Public Employees Retirement	86,144		86,144
Workers' Compensation	10,636		10,636
Land Acquisitions	1,096		1,096
Capital Outlay	165,508		165,508
Debt:			
Payment of Principal		100,000	100,000
Payment of Interest		8,380	8,380
Other	55,252		55,252
	<u>1,247,808</u>	<u>\$108,380</u>	<u>1,356,188</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>85,379</u>		<u>85,379</u>
Fund Cash Balances, January 1	<u>376,046</u>		<u>376,046</u>
Fund Cash Balances, December 31	<u>\$461,425</u>		<u>\$461,425</u>
Reserves for Encumbrances, December 31	<u>\$59,451</u>		<u>\$59,451</u>

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$765,011	\$111,880		\$876,891
Tangible Personal Property Tax	196,916			196,916
Intergovernmental Revenue	242,829		\$502,424	745,253
Investment Income	9,955			9,955
Gifts and Donations	200			200
Other Receipts	70,951			70,951
	<u>1,285,862</u>	<u>111,880</u>	<u>502,424</u>	<u>1,900,166</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries - Employees	573,647			573,647
Supplies	4,455			4,455
Materials	49,498			49,498
Equipment	23,099			23,099
Contracts - Repair	14,101			14,101
Contracts - Services	215,842			215,842
Rentals	6,253			6,253
Advertising and Printing	16,963			16,963
Travel	4,105			4,105
Public Employees Retirement	82,307			82,307
Workers' Compensation	9,388			9,388
Land Acquisitions	1,096		502,424	503,520
Capital Outlay	131,978			131,978
Debt:				
Payment of Principal		100,000		100,000
Payment of Interest		11,880		11,880
Other	49,190			49,190
	<u>1,181,922</u>	<u>\$111,880</u>	<u>\$502,424</u>	<u>1,796,226</u>
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	<u>103,940</u>			<u>103,940</u>
Fund Cash Balances, January 1	<u>272,106</u>			<u>272,106</u>
Fund Cash Balances, December 31	<u>\$376,046</u>			<u>\$376,046</u>
Reserves for Encumbrances, December 31	<u>\$62,753</u>			<u>\$62,753</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, 2006 AND 2005**

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 receipts 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 bond and 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, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Capital Project Fund

These funds account for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Issue II Fund - The District received a State Issue II Grant for acquiring land.

E. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners to budget each fund annually.

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 2006 and 2005 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.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,286,339	\$1,333,187	\$46,848
Debt Service	108,380	108,380	
Total	\$1,394,719	\$1,441,567	\$46,848

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,503,601	\$1,307,259	\$196,342
Debt Service	108,380	108,380	
Total	\$1,611,981	\$1,415,639	\$196,342

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,232,312	\$1,285,862	\$53,550
Debt Service	111,880	111,880	
Capital Projects	502,424	502,424	
Total	\$1,846,616	\$1,900,166	\$53,550

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,308,220	\$1,244,675	\$63,545
Debt Service	111,880	111,880	
Capital Projects	502,424	502,424	
Total	\$1,922,524	\$1,858,979	\$63,545

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 semiannually, the first half is due December 31. The second half payment is due the following June 20.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. PROPERTY TAX – (Continued)

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, 2006:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	100,000	4.38%
	<u>100,000</u>	

The District issued notes 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:

	Tax Anticipation Notes
Year ending December 31: 2007	<u>\$104,380</u>
	<u>\$104,380</u>

5. RETIREMENT SYSTEM

The District's law enforcement officers belong to the Ohio Public Employees Retirement System (Law Enforcement). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS (Law Enforcement) and OPERS are cost-sharing, multiple-employer plans. 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 2006 and 2005, members of OPERS (Law Enforcement) contribute 10.1 percent of their wages. The District contributed an amount equal to 16.7 percent of their wages. OPERS members contributed 9 and 8.5 percent, respectively, of their wages. The District contributed an amount equal to 13.7 and 13.55 percent, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the risk of flooding

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2005 and 2004 (the latest information available.)

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

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

Hancock Park District
Hancock County
1424 East Main Cross Street
Findlay, Ohio 45840-7066

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, 2006 and 2005, and have issued our report thereon dated August 8, 2007, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 8, 2007

HANCOCK PARK DISTRICT
HANCOCK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC 5705 – Did not record OPWC revenue and expense or budget for it.	YES	



Mary Taylor, CPA
Auditor of State

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 20, 2007