



Mary Taylor, CPA
Auditor of State

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County Park District, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County Park District, Sandusky County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Creek Bend Farm and Park Trail Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

June 4, 2008

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The discussion and analysis of the Sandusky County Park District's (the District) financial performance provides an over all review of the District's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- Poggemeyer Design Group was paid \$141,233 for the engineering and design of the North Coast Inland Trail Fremont-Lindsey-Elmore Segment.
- A \$9,127 grant was received from the Ohio Department of Natural Resources NatureWorks Program for the White Star Park Playground Replacement Project.
- Daily operation of the White Star Park Scuba Facility was contracted to Divers Inc., of Ann Arbor, Michigan. Divers Inc. paid the Park District \$40,000, (\$38,312 paid directly by Diver Inc. and \$1,688 received by the Park District directly from scuba divers), in accordance with the contract.
- \$27,489 was paid for election expenses related to the placement of a Park District levy on the May 8, 2007 ballot.
- A \$117,150 grant was received from the Ohio Department of Natural Resources Clean Ohio Trail Grant Program for engineering and design of the Fremont-Lindsey-Elmore segment of the North Coast Inland Trail.
- Matt Tille Enterprises received \$6,578 from the Park District and \$9,600 from the Sandusky County Commissioners Community Development Block Grant Program for the construction of an accessible sidewalk at White Star Park.
- A \$7,023 grant was received from the OSS Solid Waste District for the purchase and placement of recycled plastic signs at Blue Heron Reserve and Countryside Park.
- Henderson Builders was paid \$19,000 to assist with barn restoration at Creek Bend Park.
- McCormack Painting was paid \$7,060 for painting the barn at Creek Bend Farm.
- Donations totaling \$5,220 were received in memory of Michael Andrews for the North Coast Inland Trail.
- \$5,951 was received from the Village of Elmore as payment for their share of engineering and design of the Fremont-Lindsey-Elmore segment of the North Coast Inland Trail.
- \$3,185 was paid to Gametime for playground surfacing at the White Star Park Playground Replacement Project.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods and services and grants and contribution restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we show the District's governmental activities:

Governmental activities – The District's conservation and recreation services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund financial reports provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are all reported as governmental.

Governmental funds – The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General, Creek Bend Farm and Park Trail Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Government-Wide Financial Analysis

The table below provides a summary of the District's net assets for 2007 and 2006:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$628,988	\$722,928
Total Assets	\$628,988	\$722,928
 Net Assets		
Restricted for:		
Other Purposes	196,990	240,126
Unrestricted	431,998	482,802
Total Net Assets	\$628,988	\$722,928

Over time, net assets can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2007 despite the decline in the economy.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets for 2007 and 2006:

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$130,907	\$159,348
Operating Grants and Contributions	6,557	18,139
Capital Grants and Contributions	5,951	
Total Program Receipts	<u>143,415</u>	<u>177,487</u>
General Receipts:		
Property Taxes Levied for General Purposes	420,065	436,897
Grants and Entitlements Not Restricted to Specific Programs	257,054	124,773
Interest	23,790	20,661
Miscellaneous	990	4,099
Total General Receipts	<u>701,899</u>	<u>586,430</u>
Total Receipts	<u>845,314</u>	<u>763,917</u>
Disbursements:		
Conservation and Recreation	<u>939,254</u>	<u>796,712</u>
Change in Net Assets	(93,940)	(32,795)
Net Assets, January 1	<u>722,928</u>	<u>755,723</u>
Net Assets, December 31	<u><u>\$628,988</u></u>	<u><u>\$722,928</u></u>

Governmental Activities

For 2007, net assets of the District's governmental activities decreased \$93,940. Total governmental expenditures of \$939,254 were offset by program revenues of \$143,415 and general revenue of \$701,899. Program revenues supported 15.3% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from property tax receipts. These revenue sources represent 49.7% of total governmental revenue.

Conservation and Recreation services expenses totaled \$939,254 or 100% of total governmental expenses for 2007.

The Statement of Activities shows the cost of program services and charges for services and operating grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by charges for services and unrestricted State grants and entitlements.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

(Table 3)
Governmental Activities

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
Conservation and Recreation	<u>\$939,254</u>	<u>\$795,839</u>	<u>\$796,712</u>	<u>\$619,225</u>

The District's Funds

The District's governmental funds reported a combined fund balance of \$628,988 which is \$93,940 less than last years' total of \$722,928. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 and 2006.

(Table 4)
Governmental Fund Balances

	Fund Balance, December 31		Increase (Decrease)	Change
	2007	2006		
General	\$431,998	\$482,802	(\$50,804)	-10.52%
Creek Bend Farm	79,985	107,743	(27,758)	-25.76%
Park Trail	76,409	64,788	11,621	17.94%
Other Governmental	40,596	67,595	(26,999)	-39.94%
Total Fund Balance	<u>\$628,988</u>	<u>\$722,928</u>	<u>(\$93,940)</u>	<u>-12.99%</u>

The District's General Fund Budgeting Highlights

The District's budget is prepared according to Ohio Law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the District amended its General Fund budget as needed. Final budgeted receipts and other financing sources of \$719,995 reflect an increase of \$45,740 from the original budgeted amount of \$674,255. This was the result of higher than anticipated intergovernmental revenues.

Final disbursements including prior year carryover appropriations were budgeted at \$877,429 while actual amounts were \$57,838 higher at \$935,267.

Capital Assets and Debt Administration

Capital Assets

The District does not include capital assets on its financial statements under the modified cash basis of accounting.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Debt

The District had no outstanding debt at December 31, 2007.

Current Issues

The Sandusky County Park District acquires lands for conversion into forest reserves and for the conservation of the 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 Park District receives the majority of its funding from property taxes, state and federal grants and charges for services (park fees). The District employs nine full time employees and 10-15 seasonal employees. The Board periodically reviews park fees to help offset the costs of park operations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Steve Gruner, Director, Sandusky County Park District, 1970 Countryside Drive, Fremont, Ohio 43420-8750.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31,2007

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$628,988
Total Assets	<u><u>\$628,988</u></u>
Net Assets:	
Restricted for:	
Other Purposes	\$196,990
Unrestricted	<u>431,998</u>
Total Net Assets	<u><u>\$628,988</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Program Revenues				Net (Disbursements) Receipts and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
Conservation and Recreation	\$939,254	\$130,907	\$6,557	\$5,951	(\$795,839)
Total Governmental Activities	\$939,254	\$130,907	\$6,557	\$5,951	(795,839)
General Receipts:					
Property Taxes Levied for General Purposes					420,065
Grants and Entitlements not Restricted to Specific Programs					257,054
Interest					23,790
Miscellaneous					990
Total General Receipts					701,899
Change in Net Assets					(93,940)
Net Assets Beginning of Year					722,928
Net Assets End of Year					\$628,988

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Creek Bend Farm</u>	<u>Park Trail</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	<u>\$431,998</u>	<u>\$79,985</u>	<u>\$76,409</u>	<u>\$40,596</u>	<u>\$628,988</u>
Fund Balances:					
Reserved for Encumbrances	37,222				37,222
Undesignated, Unreserved, Reported in:					
General Fund	394,776				394,776
Special Revenue Funds		<u>79,985</u>	<u>76,409</u>	<u>40,596</u>	<u>196,990</u>
 Total Fund Balances	 <u>\$431,998</u>	 <u>\$79,985</u>	 <u>\$76,409</u>	 <u>\$40,596</u>	 <u>\$628,988</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN MODIFIED - CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	General	Creek Bend Farm	Park Trail	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes	\$420,065				\$420,065
Charges for Services	120,867	\$10,040			130,907
Intergovernmental	257,054		\$5,951		263,005
Investment Income	23,790				23,790
Other	1,652	225	5,670		7,547
Total Receipts	823,428	10,265	11,621		845,314
Disbursements:					
Conservation and Recreation	898,045	38,023		3,186	939,254
Excess of Receipts Over/(Under) Disbursements	(74,617)	(27,758)	11,621	(3,186)	(93,940)
Other Financing Sources (Uses)					
Transfers In	23,813				23,813
Transfers Out				(23,813)	(23,813)
Total Other Financing Sources (Uses)	23,813			(23,813)	
Net Change in Fund Balances	(50,804)	(27,758)	11,621	(26,999)	(93,940)
Fund Balances Beginning of Year	482,802	107,743	64,788	67,595	722,928
Fund Balances End of Year	\$431,998	\$79,985	\$76,409	\$40,596	\$628,988

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$451,755	\$468,275	\$420,065	(\$48,210)
Charges for Services	150,000	40,000	120,867	80,867
Intergovernmental	47,000	162,635	257,054	94,419
Interest	20,000	23,720	23,790	70
Other	5,500	1,552	1,652	100
<i>Total receipts</i>	<u>674,255</u>	<u>696,182</u>	<u>823,428</u>	<u>127,246</u>
Disbursements				
Current:				
Conservation-Recreation	<u>842,530</u>	<u>877,429</u>	<u>935,267</u>	<u>(57,838)</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(168,275)</u>	<u>(181,247)</u>	<u>(111,839)</u>	<u>69,408</u>
Other Financing Sources				
Transfers In		<u>23,813</u>	<u>23,813</u>	
<i>Net Change in Fund Balance</i>	<u>(168,275)</u>	<u>(157,434)</u>	<u>(88,026)</u>	<u>69,408</u>
<i>Fund Balance Beginning of Year</i>	<u>332,715</u>	<u>332,715</u>	<u>332,715</u>	
Prior Year Encumbrances Appropriated	<u>150,087</u>	<u>150,087</u>	<u>150,087</u>	
<i>Fund Balance End of Year</i>	<u><u>\$314,527</u></u>	<u><u>\$325,368</u></u>	<u><u>\$394,776</u></u>	<u><u>\$69,408</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Creek Bend Farm Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$5,500	\$8,450	\$10,040	\$1,590
Other		225	225	
<i>Total receipts</i>	<u>5,500</u>	<u>8,675</u>	<u>10,265</u>	<u>1,590</u>
Disbursements				
Current:				
Conservation-Recreation	<u>91,000</u>	<u>91,000</u>	<u>38,023</u>	<u>52,977</u>
<i>Net Change in Fund Balance</i>	(85,500)	(82,325)	(27,758)	54,567
<i>Fund Balance Beginning of Year</i>	<u>89,155</u>	<u>89,155</u>	<u>89,155</u>	
Prior Year Encumbrances Appropriated	<u>18,588</u>	<u>18,588</u>	<u>18,588</u>	
<i>Fund Balance End of Year</i>	<u><u>\$22,243</u></u>	<u><u>\$25,418</u></u>	<u><u>\$79,985</u></u>	<u><u>\$54,567</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Park Trail Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental			\$5,951	\$5,951
Other		\$5,670	5,670	
<i>Total receipts</i>		<u>5,670</u>	<u>11,621</u>	<u>5,951</u>
<i>Net Change in Fund Balance</i>		5,670	11,621	5,951
<i>Fund Balance Beginning of Year</i>	<u>\$64,788</u>	<u>64,788</u>	<u>64,788</u>	
<i>Fund Balance End of Year</i>	<u><u>\$64,788</u></u>	<u><u>\$70,458</u></u>	<u><u>\$76,409</u></u>	<u><u>\$5,951</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – REPORTING ENTITY

The Sandusky County Park District, Sandusky County, Ohio (the District), is a body politic and corporate 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 reporting entity is comprised of the primary government, component units and other organizations that were included to ensure the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District acquires lands for conversion into forest reserves and for the conservation of the 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 Sandusky County Auditor acts as fiscal agent for the District and the Sandusky County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements show those activities of the District that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Major funds are presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major governmental funds are the General Fund, Creek Bend Farm Fund and Park Trail Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. The Creek Bend Farm Fund receives charges for services, donations and intergovernmental revenues for the restoration of historical buildings at Creek Bend Farm. The Park Trail Fund receives grants and other resources for the construction and maintenance of the District's North Coast Inland Trail. The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations ordinance is the District's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

E. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Individual fund integrity is maintained through District records. Interest in the pool is presented as "Cash and Cash Equivalents".

Following Ohio statutes, interest is credited to the general fund. Interest receipts credited to the general fund during 2006 was \$23,790.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets.

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants for specific purposes.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

L. Interfund Transactions

Transfers between governmental on the government-wide financial statements are reported in the same manner as general receipts.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Creek Bend Farm Fund and Park Trail Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$37,222 for the general fund. There were no encumbrances outstanding in the Creek Bend Farm or Park Trail Funds.

NOTE 4 – DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2007, was \$628,988. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 25% of true value for all other taxable property. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 18.75% of true value. The assessed value upon which the 2007 taxes were collected was \$1,171,154,599. The full tax rate for all County operations applied to real property for the year ended December 31, 2007, was \$.50 per \$1,000 of assessed valuation.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural/Residential	\$ 864,448,270
Commercial/Industrial/Mineral	182,235,580
Tangible Personal Property	78,070,589
<u>Public Utility</u>	
Real	477,740
Personal	<u>45,922,420</u>
Total Assessed Value	<u>\$ 1,171,154,599</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due March 1. If paid semi-annually, the first payment is due March 1 and the remainder payable July 15. Under certain circumstances, State statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due May 10 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law.

The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business must file a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real estate and other taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of December 31 (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 2007 operations, the receivable is offset by a credit to "deferred revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first sixty days of 2008 are shown as 2007 revenue; the remainder is shown as "deferred revenue". The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 – RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the County Commissioners on behalf of County Departments including District, contracted with County Risk Sharing Authority (CORSA) for liability insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability (per occurrence)	\$ 1,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Depositor's Forgery	1,000,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in coverage from prior year, and settled claims have not exceeded limits of coverage in the past three years.

B. Insurance Purchasing Pool

For 2007, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost controls, and actuarial services to the Plan. Each year, the County Commissioners pays an enrollment fee to the Plan to cover the costs of administering the program.

The County Commissioners may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

C. Health Insurance

The County Commissioners provides comprehensive health and vision insurance coverage to the District employee through a traditionally funded plan. The County Commissioners purchase commercial health insurance coverage through Community Health Plan of Ohio. The County pays 87 percent of the monthly premium while the employee pays 13 percent. The entire risk of loss transfers to the commercial insurance carrier.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLANS

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The employer contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$54,274, \$54,342, and \$47,167, respectively. The full amount has been contributed for 2007, 2006, and 2005.

NOTE 8 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll (16.93 percent for public safety and law enforcement); 5 percent of covered payroll from January 1 through June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion used to fund health care.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6 percent annually for the next nine years and 4 percent after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$4,274. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 9 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

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

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sandusky County Park District, Sandusky County, (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 4, 2008. 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 opinions 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.

We noted a certain matter that we reported to the District's management in a separate letter dated June 4, 2008.

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 did note certain noncompliance matters that we reported to the District's management in a separate letter dated June 4, 2008.

We intend this report solely for the information and use of the audit committee, management and the Board of Commissioners. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 4, 2008



Mary Taylor, CPA
Auditor of State

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
JULY 1, 2008**