



**Auditor of State  
Betty Montgomery**



**SANDUSKY COUNTY PARK DISTRICT**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Sandusky County Park District (the District) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

April 2, 2004

**SANDUSKY COUNTY PARK DISTRICT**

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

	Governmental Fund Type		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
General Property Tax - Real Estate	\$ 348,286	\$ -	\$ 348,286
Tangible Personal Property Tax	80,254	-	80,254
Grants	484,103	-	484,103
Investment Income	249	-	249
Gifts and Donations	2,799	32,925	35,724
Fees	109,017	8,100	117,117
Sales	6,264	-	6,264
Fines	415	-	415
Other Receipts	28,041	-	28,041
<b>Total Cash Receipts</b>	<b>1,059,428</b>	<b>41,025</b>	<b>1,100,453</b>
<b>Cash Disbursements</b>			
Current:			
Salaries - Employees	324,807	-	324,807
Supplies	44,254	-	44,254
Materials	25,286	3,621	28,907
Equipment	38,464	-	38,464
Contracts - Repair	5,411	-	5,411
Contracts - Services	99,216	-	99,216
Grants	25,000	-	25,000
Rentals	8,575	-	8,575
Advertising and Printing	12,227	-	12,227
Travel	7,405	-	7,405
Public Employees Retirement	73,784	-	73,784
Workers' Compensation	211	-	211
Unemployment Compensation	3	-	3
Medicare	3,631	-	3,631
Land Acquisition	531,201	-	531,201
Other	13,749	-	13,749
<b>Total Cash Disbursements</b>	<b>1,213,224</b>	<b>3,621</b>	<b>1,216,845</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(153,796)</b>	<b>37,404</b>	<b>(116,392)</b>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers-In	-	35,000	35,000
Transfers-Out	(35,000)	-	(35,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(35,000)</b>	<b>35,000</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(188,796)</b>	<b>72,404</b>	<b>(116,392)</b>
Fund Cash Balances, January 1	829,122	109,837	938,959
<b>Fund Cash Balances, December 31</b>	<b>\$ 640,326</b>	<b>\$ 182,241</b>	<b>\$ 822,567</b>
Reserves for Encumbrances, December 31	\$ 13,983	\$ -	\$ 13,983

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SANDUSKY COUNTY PARK DISTRICT**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Type		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
General Property Tax - Real Estate	\$ 340,069	\$ -	\$ 340,069
Tangible Personal Property Tax	80,334	-	80,334
Grants	585,065	-	585,065
Investment Income	13,290	-	13,290
Gifts and Donations	1,320	-	1,320
Fees	119,335	-	119,335
Sales	11,224	-	11,224
Fines	265	-	265
Other Receipts	17,804	-	17,804
<b>Total Cash Receipts</b>	<b>1,168,706</b>	<b>-</b>	<b>1,168,706</b>
<b>Cash Disbursements</b>			
Current:			
Salaries - Employees	315,787	-	315,787
Supplies	38,208	-	38,208
Materials	8,444	-	8,444
Equipment	5,170	-	5,170
Contracts - Repair	1,682	-	1,682
Contracts - Services	85,808	-	85,808
Grants	30,000	-	30,000
Rentals	5,905	-	5,905
Advertising and Printing	11,689	-	11,689
Travel	7,020	-	7,020
Public Employees Retirement	73,927	-	73,927
Workers' Compensation	275	-	275
Unemployment Compensation	20	-	20
Medicare	3,530	-	3,530
Land Acquisition	521,561	-	521,561
Other	13,538	-	13,538
<b>Total Cash Disbursements</b>	<b>1,122,564</b>	<b>-</b>	<b>1,122,564</b>
<b>Total Receipts Over Disbursements</b>	<b>46,142</b>	<b>-</b>	<b>46,142</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	10,000	10,000
Transfers-Out	(10,000)	-	(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(10,000)</b>	<b>10,000</b>	<b>-</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,142	10,000	46,142
Fund Cash Balances, January 1	792,980	99,837	892,817
<b>Fund Cash Balances, December 31</b>	<b>\$ 829,122</b>	<b>\$ 109,837</b>	<b>\$ 938,959</b>
Reserves for Encumbrances, December 31	\$ 9,871	\$ -	\$ 9,871

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

# SANDUSKY COUNTY PARK DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003 AND 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of the Entity

Sandusky County Park District (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Sandusky County. The District 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 District's management believes these financial statements present all activities for which the District is financially accountable.

#### B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

#### C. Cash and Investments

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

## SANDUSKY COUNTY PARK DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

#### **D. Fund Accounting**

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

##### **1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

##### **2. Special Revenue Funds**

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

Creek Bend Farm Fund - This fund fees and donations for the restoration of historic buildings on the Creek Bend Farm.

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

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

#### **E. Budgetary Process**

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

##### **1. Appropriations**

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

**SANDUSKY COUNTY PARK DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 851,371	\$ 1,059,428	\$ 208,057
Special Revenue	109,837	76,025	(33,812)
Total	\$ 961,208	\$ 1,135,453	\$ 174,245

**SANDUSKY COUNTY PARK DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,341,556	\$ 1,262,207	\$ 79,349
Special Revenue	135,000	3,621	131,379
Total	<u>\$ 1,476,556</u>	<u>\$ 1,265,828</u>	<u>\$ 210,728</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,369,374	\$ 1,168,706	\$ (200,668)
Special Revenue	60,000	10,000	(50,000)
Total	<u>\$ 1,429,374</u>	<u>\$ 1,178,706</u>	<u>\$ (250,668)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,651,240	\$ 1,142,435	\$ 508,805
Special Revenue	100,000		100,000
Total	<u>\$ 1,751,240</u>	<u>\$ 1,142,435</u>	<u>\$ 608,805</u>

Contrary to Ohio law, the District did not always certify the availability of funds prior to entering into an order or contract involving the expenditure of money.

**3. PROPERTY TAX**

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

## **SANDUSKY COUNTY PARK DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2003 AND 2002**

(Continued)

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

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

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

#### **4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5 percent of their gross salaries for full-time employees, and 10.1 percent for law enforcement employees. The District picks up the full-time employees' share, and 8.5 percent of the full-time law enforcement employees' portion. The law enforcement employees contribute 1.6 percent. Seasonal employees contribute 8.5 percent. The District contributed an amount equal to 13.55 percent of participants' gross salaries, and 16.7 percent of law enforcement employees' gross salaries. The District has paid all contributions required through December 31, 2003.

#### **5. RISK MANAGEMENT**

##### **Risk Pool Membership**

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

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

**SANDUSKY COUNTY PARK DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

	<u>2003</u>	<u>2002</u>
Cash and investments	\$ 55,307,503	\$ 51,165,165
Actuarial liabilities	\$ 27,994,467	\$ 24,097,518



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Commissioners:

We have audited the accompanying financial statements of Sandusky County Park District (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 2, 2004.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial

reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 2, 2004.

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



**Betty Montgomery**  
Auditor of State

April 2, 2004

**SANDUSKY COUNTY PARK DISTRICT**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two “exceptions” to the above requirement:

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved in the Then and Now Certificate is less than \$1,000 (\$3,000 after April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the District Board, if such expenditure is otherwise valid.

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

**SANDUSKY COUNTY PARK DISTRICT**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60172-001	Revised Code § 5705.39 failure to limit appropriations to estimated revenue.	Yes	
2001-60172-002	Revised Code § 5705.41(D) failure to certify the availability of funds.	No	Not corrected. Reported as Finding # 2003-001.



**Auditor of State  
Betty Montgomery**

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**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  
MAY 4, 2004**