



**Auditor of State  
Betty Montgomery**



**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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**Auditor of State  
Betty Montgomery**

Geauga County Park District  
Geauga County  
9160 Robinson Road  
Chardon, Ohio 44024

To the Board of Park 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.

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**Betty Montgomery**  
Auditor of State

August 23, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Park District  
Geauga County  
9160 Robinson Road  
Chardon, Ohio 44024

To the Board of Park Commissioners:

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

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

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Geauga County Park District, Geauga County, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

August 23, 2005



**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Capital Project</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$5,606,479		\$5,606,479
Tangible Personal Property Tax	547,317		547,317
Intergovernmental	887,772	\$397,475	1,285,247
Investment Income	13,021	24,404	37,425
Gifts and Donations	80,859	110,555	191,414
Fees	17,172		17,172
Sales	32,025		32,025
Refunds	9,034		9,034
Other Receipts	26,345	94,566	120,911
	<u>7,220,024</u>	<u>627,000</u>	<u>7,847,024</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	1,947,218		1,947,218
Supplies	135,240		135,240
Materials	167,653		167,653
Equipment	190,070		190,070
Contracts - Repair	26,714		26,714
Contracts - Services	675,381	236,529	911,910
Contracts - Projects		1,091,933	1,091,933
Land		3,033,122	3,033,122
Advertising and Printing	10,095		10,095
Travel	8,799		8,799
Ohio Public Employees Retirement	260,068		260,068
Unemployment Compensation	13,404		13,404
Workers' Compensation	17,486		17,486
Hospitalization	321,613		321,613
Other	129,795		129,795
	<u>3,903,536</u>	<u>4,361,584</u>	<u>8,265,120</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>3,316,488</u>	<u>(3,734,584)</u>	<u>(418,096)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		3,686,353	3,686,353
Transfers-Out	<u>(3,686,353)</u>		<u>(3,686,353)</u>
Total Other Financing Receipts/(Disbursements)	<u>(3,686,353)</u>	<u>3,686,353</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>			
	(369,865)	(48,231)	(418,096)
Fund Cash Balances, January 1, 2004	<u>1,238,011</u>	<u>2,040,080</u>	<u>3,278,091</u>
<b>Fund Cash Balances, December 31, 2004</b>	<u><b>\$868,146</b></u>	<u><b>\$1,991,849</b></u>	<u><b>\$2,859,995</b></u>
Reserves for Encumbrances, December 31, 2004	<u>\$36,637</u>	<u>\$344,958</u>	<u>\$381,595</u>

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

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Capital Project</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$5,452,614		\$5,452,614
Tangible Personal Property Tax	554,705		554,705
Intergovernmental	910,773	\$486,006	1,396,779
Investment Income	20,505	41,625	62,130
Gifts and Donations	24,969	224,545	249,514
Fees	16,916		16,916
Sales	30,688		30,688
Refunds	929		929
Other Receipts	29,122	114,383	143,505
	<u>7,041,221</u>	<u>866,559</u>	<u>7,907,780</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	1,856,006		1,856,006
Supplies	123,297		123,297
Materials	130,720		130,720
Equipment	180,096		180,096
Contracts - Repair	19,400		19,400
Contracts - Services	508,356	365,876	874,232
Contracts - Projects		1,085,751	1,085,751
Land		4,955,274	4,955,274
Advertising and Printing	6,387		6,387
Travel	9,350		9,350
Ohio Public Employees Retirement	310,683		310,683
Unemployment Compensation	1,890		1,890
Workers' Compensation	8,220		8,220
Hospitalization	318,606		318,606
Other	64,624		64,624
	<u>3,537,635</u>	<u>6,406,901</u>	<u>9,944,536</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>3,503,586</u>	<u>(5,540,342)</u>	<u>(2,036,756)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		3,700,000	3,700,000
Transfers-Out	(3,700,000)		(3,700,000)
	<u>(3,700,000)</u>	<u>3,700,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(196,414)	(1,840,342)	(2,036,756)
Fund Cash Balances, January 1, 2003	<u>1,434,425</u>	<u>3,880,422</u>	<u>5,314,847</u>
<b>Fund Cash Balances, December 31, 2003</b>	<b><u>\$1,238,011</u></b>	<b><u>\$2,040,080</u></b>	<b><u>\$3,278,091</u></b>
Reserves for Encumbrances, December 31, 2003	<u>\$54,285</u>	<u>\$869,384</u>	<u>\$923,669</u>

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

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Geauga County Park District, Geauga County, Ohio (the District) as a body corporate and politic. The probate judge of Geauga County appoints a three-member Board of Commissioners to govern 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 District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters as the Auditor of State prescribes or permits.

**C. Cash and Investments**

As the Ohio Revised Code permits, the Geauga 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. Capital Project Fund**

This fund accounts for receipts restricted for acquiring or constructing major capital projects. The District had the following significant Capital Project Fund:

Park Board Land Improvement Fund - This fund is used to acquire, develop, and improve park lands and facilities.

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2004 and 2003 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. BUDGETARY ACTIVITY**

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,251,140	\$7,220,024	(\$31,116)
Capital Projects	4,312,996	4,313,353	357
Total	\$11,564,136	\$11,533,377	(\$30,759)

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

**2. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,025,009	\$7,626,526	\$398,483
Capital Projects	6,322,568	4,706,542	\$1,616,026
Total	\$14,347,577	\$12,333,068	\$2,014,509

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,042,746	\$7,041,221	(\$1,525)
Capital Projects	4,542,506	4,566,559	24,053
Total	\$11,585,252	\$11,607,780	\$22,528

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,746,593	\$7,291,920	\$454,673
Capital Projects	8,345,577	7,276,285	\$1,069,292
Total	\$16,092,170	\$14,568,205	\$1,523,965

**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.

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.

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

**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. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**5. RISK MANAGEMENT**

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

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

**5. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**6. CONTINGENT LIABILITIES**

The District is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, counsel believes the resolution of these matters will not materially adversely affect the District's financial condition.

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**Auditor of State  
Betty Montgomery**

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

Geauga County Park District  
Geauga County  
9160 Robinson Road  
Chardon, Ohio 44024

To the Board of Park Commissioners:

We have audited the financial statements of the Geauga County Park District, Geauga County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated August 23, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**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*.

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

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

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

**Betty Montgomery**  
Auditor of State

August 23, 2005



**Auditor of State  
Betty Montgomery**

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**GEAUGA COUNTY PARK DISTRICT**

**GEAUGA 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 13, 2005**