



Dave Yost • Auditor of State



**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

### ***Report on the Financial Statements***

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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

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, 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Parks Federal Fund, Clean Ohio Conservation Fund, and Clean Ohio Trail Grant Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

### **Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion and Analysis* includes tables of net position, changes in net position, and governmental activities. The Federal Awards Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 2, 2013

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**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED**

The discussion and analysis of Sandusky County Park District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012, within the limitations of the District's cash basis of accounting. 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 notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- Net position of the District increased \$284,706 or 10.24% from 2011. Total governmental disbursements of \$2,341,354 were offset by program receipts of \$1,298,792 and general receipts of \$1,327,268. Program receipts supported 55% of the total governmental disbursements.
- The general fund had receipts of \$1,477,109 in 2012. This represents an increase of \$9,568 or 0.65% from 2011. The disbursements of the general fund, which totaled \$1,115,628 in 2012, increased \$51,049 or 4.80% from 2011. The net decrease in fund balance for the general fund was \$408,069 or 17.08%.
- The parks federal fund had receipts of \$710,841 in 2012. The disbursements of the parks federal fund totaled \$710,841 in 2012. The parks federal fund had transfers in from the general fund in the amount of \$60,800. The net increase in fund balance for the parks federal fund was \$60,800.
- The clean Ohio conservation fund had receipts of \$246,826 in 2012. The disbursements of the clean Ohio conservation fund totaled \$247,590 in 2012. The clean Ohio conservation fund had transfers in and advances in from the general fund in the amounts of \$112,191 and \$251,250, respectively. The net increase in fund balance for the clean Ohio conservation fund was \$362,677.
- The clean Ohio trail grant fund had receipts of \$168,951 in 2012. The disbursements of the clean Ohio trail grant fund totaled \$267,295 in 2012. The parks federal fund had advances in from the general fund in the amount of \$325,309. The net increase in fund balance for the clean Ohio trail grant fund was \$226,965.
- In the general fund, actual receipts were \$1,450 higher than the final budget receipts, and actual disbursements and other financing disbursements were \$389,357 less than the final budget disbursements and other financing. These variances are the result of the District's conservative budgeting.

**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 Position – Cash Basis and the Statement of Activities – Cash Basis 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

**SANDUSKY COUNTY PARK DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(CONTINUED)**

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 accounting principles generally accepted in the United States of America (GAAP). Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these 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 Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the District performed financially during 2012, within the limitations of the cash basis of accounting. The Statement of Net Position - Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities - Cash Basis compares disbursements with program receipts for each governmental activity. 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. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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, one 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, one should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis present governmental activities, which include all the District's services. The District has no business-type activities.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements 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. All of the operating funds of the District are governmental.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the 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 fund, the parks federal fund, the clean Ohio conservation grant fund, and the clean Ohio trail grant fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2012 compared to 2011 on a cash basis.

**(Table 1)  
Net Position - Cash Basis  
Governmental Activities**

	2012	2011
<b>Assets</b>		
Cash and Cash Equivalents	\$3,063,990	\$2,779,284
 <b>Net Assets</b>		
Restricted for Other Purposes	889,619	234,014
Unrestricted	2,174,371	2,545,270
Total Position	\$3,063,990	\$2,779,284

The District's net position increased \$284,706 from 2011. Total governmental disbursements of \$2,341,354 were offset by program receipts of \$1,298,792 and general receipts of \$1,327,268. Program receipts supported 55 percent of the total governmental expenses.

The primary source of revenue for governmental activities is derived from property tax receipts. These revenue sources represent 38 percent of total governmental revenue.

Conservation and Recreation services disbursements totaled \$2,341,354 or all of governmental disbursements for 2012.

The Statement of Activities shows the cost of program 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 2012 and 2011. That is, it identifies the cost of these services supported by contributions and unrestricted State grants and entitlements.

Table 2 reflects the change in net position on a cash basis in 2012 as compared to 2011:

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(CONTINUED)**

**(Table 2)  
Changes in Net Position - Cash Basis  
Governmental Activities**

<b>Receipts:</b>	<b>2012</b>	<b>2011</b>
<b>Program Receipts:</b>		
Charges for Services and Sales	\$173,112	\$167,122
Operating Grants and Contributions	1,125,680	79,273
Total Program Receipts:	1,298,792	246,395
<b>General Receipts:</b>		
Property Taxes Levied for General Purposes	1,005,894	983,551
Intergovernmental Receipts	296,195	283,765
Interest	10,826	43,984
Miscellaneous	14,353	17,624
Total General Receipts:	1,327,268	1,328,924
Total Receipts:	2,626,060	1,575,319
<b>Disbursements:</b>		
Conservation and Recreation	2,341,354	1,247,426
Change in net position	284,706	327,893
Net position at beginning of year	2,779,284	2,451,391
Net position at end of year	\$3,063,990	\$2,779,284

**Governmental Activities**

Operating grants and contributions increased by \$1,046,407 or 1,320 percent in 2012 mainly due to a large federal grant received for the bike trail project. This resulted in a corresponding increase in disbursements in 2012. Interest receipts decreased by \$33,158 or 75 percent mainly due to a large portion of interest earned in 2010 posted at the beginning of 2011.

The first column of the Statement of Activities - Cash Basis lists the major service provided by the District. The next column identifies the costs of providing this service. The only program disbursements for governmental activities are Conservation and Recreation. The "Program Cash Receipts" columns of the Statement of Activities - Cash Basis identify amounts paid by individuals who are directly charged for services and grants received by the District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided by taxpayers and state subsidies. These net costs are paid from the general receipts. A comparison between the total cost of services and the net cost for both 2012 and 2011 is presented in Table 3, below.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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(CONTINUED)**

**(Table 3)  
Total and Net Cost of Program Services  
Governmental Activities**

	<b>Total Cost of Services 2012</b>	<b>Net Cost of Services 2012</b>	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>
Conservation and Recreation	<u>\$2,341,354</u>	<u>\$1,042,562</u>	<u>\$1,247,426</u>	<u>\$1,029,626</u>

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,063,990, which is \$284,706 more than last years' total of \$2,779,284. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011.

**(Table 4)  
Governmental Fund Balances**

	<b>Fund Balance December 31, 2012</b>	<b>Fund Balance December 31, 2011</b>	<b>Increase (Decrease)</b>	<b>Change</b>
General Fund	\$1,980,407	\$2,388,476	(\$408,069)	(17.08%)
Parks Federal Fund	60,800		60,800	100.00%
Clean Ohio Conservation Fund	362,677		362,677	100.00%
Clean Ohio Trail Grant Fund	226,965		226,965	100.00%
Other Governmental	433,141	390,808	42,333	10.83%
<b>Total Fund Balance</b>	<u>\$3,063,990</u>	<u>\$2,779,284</u>	<u>\$284,706</u>	<u>10.24%</u>

**General Fund Budgeting Highlights**

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

During the course of 2012, the District amended its budget several times. The general fund's final budgeted receipts of \$1,475,659 were \$154,029 higher than the original budget of \$1,321,630. Actual receipt collections were \$1,477,109, \$1,450 greater than final budget estimates. Actual budgetary-basis disbursements, excluding other financing uses, of \$1,127,804, were \$389,467 less than final estimates of \$1,517,271.

**Capital Assets**

The District does not include capital assets on its financial statements under the cash basis of accounting. The District records payments for capital assets as disbursements.

**Debt**

The District had no outstanding debt at December 31, 2012.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(CONTINUED)**

**Current Issues**

The District continues to be challenged in its effort to provide quality services to the public with limited, and in some areas shrinking funding. Programs and facility operations are reviewed and analyzed regularly to insure the efficient use of resources. The District remains diligent in efforts to identify alternative funding sources and secure grants for operations and capital projects. Charges for services and contract rates are analyzed to ensure that costs to administer and carry out programs are covered.

**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 Place, Fremont, Ohio 43420-8750.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2012**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	<u><u>\$3,063,990</u></u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	\$889,619
Unrestricted	<u>2,174,371</u>
Total Net Position	<u><u>\$3,063,990</u></u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Position</b>	
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental Activities:</b>				
Conservation and Recreation	\$2,341,354	\$173,112	\$1,125,680	(\$1,042,562)
<b>General Receipts:</b>				
Property Taxes Levied for General Purposes			1,005,894	
Intergovernmental Receipts			296,195	
Interest			10,826	
Miscellaneous			14,353	
Total General Receipts			1,327,268	
Change in Net Position				284,706
Net Position Beginning of Year				2,779,284
Net Position End of Year				\$3,063,990

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Parks Federal</u>	<u>Clean Ohio Conservation</u>	<u>Clean Ohio Trail Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash and cash equivalents	\$1,980,407	\$60,800	\$362,677	\$226,965	\$433,141	\$3,063,990
<b>Fund Balances:</b>						
Restricted		60,800	362,677	226,965	239,177	889,619
Committed	12,176				193,964	206,140
Unassigned	1,968,231					1,968,231
<b>Total Fund Balances</b>	<u>\$1,980,407</u>	<u>\$60,800</u>	<u>\$362,677</u>	<u>\$226,965</u>	<u>\$433,141</u>	<u>\$3,063,990</u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>General</b>	<b>Parks Federal</b>	<b>Clean Ohio Conservation</b>	<b>Clean Ohio Trail Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts:</b>						
Property Taxes	\$1,005,894					\$1,005,894
Charges for Services	155,982				\$17,130	173,112
Intergovernmental	295,257	\$710,841	\$246,826	\$168,951		1,421,875
Investment Income	10,826					10,826
Other	9,150				5,203	14,353
<b>Total Receipts</b>	<b>1,477,109</b>	<b>710,841</b>	<b>246,826</b>	<b>168,951</b>	<b>22,333</b>	<b>2,626,060</b>
<b>Disbursements:</b>						
Conservation and Recreation	1,115,628	710,841	247,590	267,295		2,341,354
Excess of Receipts Over (Under) Disbursements	361,481		(764)	(98,344)	22,333	284,706
<b>Other Financing Sources (Uses):</b>						
Transfers In		60,800	112,191		20,000	192,991
Transfers Out	(192,991)					(192,991)
Advances In			251,250	325,309		576,559
Advances Out	(576,559)					(576,559)
<b>Total Other Financing Sources (Uses)</b>	<b>(769,550)</b>	<b>60,800</b>	<b>363,441</b>	<b>325,309</b>	<b>20,000</b>	
Net Change in Fund Cash Balances	(408,069)	60,800	362,677	226,965	42,333	284,706
Fund Cash Balances, January 1	2,388,476				390,808	2,779,284
<b>Fund Cash Balances, December 31</b>						
Restricted		60,800	362,677	226,965	239,177	889,619
Committed	12,176				193,964	206,140
Unassigned	1,968,231					1,968,231
<b>Fund Cash Balances, December 31</b>	<b>\$1,980,407</b>	<b>\$60,800</b>	<b>\$362,677</b>	<b>\$226,965</b>	<b>\$433,141</b>	<b>\$3,063,990</b>

See accompanying notes to the 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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Property Taxes	\$991,218	\$991,218	\$1,005,894	\$14,676
Charges for Services	125,500	125,500	155,982	30,482
Intergovernmental	177,912	331,941	295,257	(36,684)
Investment Income	20,000	20,000	10,826	(9,174)
Other	7,000	7,000	9,150	2,150
Total Receipts	<u>1,321,630</u>	<u>1,475,659</u>	<u>1,477,109</u>	<u>1,450</u>
<b>Disbursements:</b>				
Conservation and Recreation	<u>1,397,125</u>	<u>1,517,271</u>	<u>1,127,804</u>	<u>389,467</u>
Excess of Receipts Over/(Under) Disbursements	<u>(75,495)</u>	<u>(41,612)</u>	<u>349,305</u>	<u>390,917</u>
<b>Other Financing (Uses):</b>				
Transfers Out	(120,000)	(192,881)	(192,991)	(110)
Advances Out	<u>(576,559)</u>	<u>(576,559)</u>	<u>(576,559)</u>	<u>(576,559)</u>
Total Other Financing (Uses)	<u>(120,000)</u>	<u>(769,440)</u>	<u>(769,550)</u>	<u>(110)</u>
Net Change in Fund Balance	(195,495)	(811,052)	(420,245)	390,807
Fund Balance Beginning of Year	2,395,267	2,395,267	2,395,267	
Prior Year Encumbrances Appropriated	<u>2,037</u>	<u>2,037</u>	<u>2,037</u>	
Fund Balance End of Year	<u><u>\$2,201,809</u></u>	<u><u>\$1,586,252</u></u>	<u><u>\$1,977,059</u></u>	<u><u>\$390,807</u></u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
PARKS FEDERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Intergovernmental	\$1,488,960	\$850,000	\$710,841	(\$139,159)
<b>Disbursements:</b>				
Conservation and Recreation	1,549,760	1,549,760	710,841	838,919
Excess of Disbursements Over Receipts	(60,800)	(699,760)		699,760
<b>Other Financing Sources:</b>				
Transfers In			60,800	60,800
Net Change in Fund Balance	(60,800)	(699,760)	60,800	760,560
Fund Balance Beginning of Year				
Fund Balance End of Year	<u>(\$60,800)</u>	<u>(\$699,760)</u>	<u>\$60,800</u>	<u>\$760,560</u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
CLEAN OHIO CONSERVATION GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Intergovernmental	\$251,250	\$358,250	\$246,826	(\$111,424)
<b>Disbursements:</b>				
Conservation and Recreation	253,750	253,750	247,590	6,160
Excess of Receipts Over/(Under) Disbursements	(2,500)	104,500	(764)	(105,264)
<b>Other Financing Sources (Uses):</b>				
Transfers In			112,191	112,191
Advances In			251,250	251,250
Advances Out	(251,250)	(251,250)		251,250
Total Other Financing Sources (Uses):	(251,250)	(251,250)	363,441	614,691
Net Change in Fund Balance	(253,750)	(146,750)	362,677	509,427
Fund Balance Beginning of Year				
Fund Balance End of Year	<u>(\$253,750)</u>	<u>(\$146,750)</u>	<u>\$362,677</u>	<u>\$509,427</u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGET BASIS)  
CLEAN OHIO TRAIL GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Intergovernmental	\$433,745	\$188,745	\$168,951	(\$19,794)
<b>Disbursements:</b>				
Conservation and Recreation	435,000	435,000	267,295	167,705
Excess of Disbursements Over Receipts	(1,255)	(246,255)	(98,344)	147,911
<b>Other Financing Sources (Uses):</b>				
Advances In			325,309	325,309
Advances Out	(325,309)	(325,309)		325,309
Total Other Financing Sources (Uses):	(325,309)	(325,309)	325,309	650,618
Net Change in Fund Balance	(326,564)	(571,564)	226,965	798,529
Fund Balance Beginning of Year				
Fund Balance End of Year	<u>(\$326,564)</u>	<u>(\$571,564)</u>	<u>\$226,965</u>	<u>\$798,529</u>

*See accompanying notes to the financial statements*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 – REPORTING ENTITY**

Sandusky County Park District, Sandusky County, Ohio (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 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 acquired 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 them 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 separated 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, and are accessible to the District and 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.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**A. Basis of Presentation**

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

The statement of net position 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 position 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 separate columns. Non-major 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 following are the District's major governmental funds:

General 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

Parks Federal Fund – The Parks Federal Fund is used to account for the District's Federal Highway Planning and Construction grant receipts and disbursements related to the program.

Clean Ohio Conservation Fund – The Clean Ohio Conservation Fund is used to account for the District's Clean Ohio Conservation State grant receipts and the disbursements related to the program.

Clean Ohio Trail Grant Fund – The Clean Ohio Trail Grant Fund is used to account for the District's Clean Ohio Trail State grant receipts and the disbursements related to the program.

**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 disbursement 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 receivables 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 resolution, 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 resolution 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 appropriation resolution 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 resolution for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**E. Cash**

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 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 fiscal year 2012 was \$10,826.

**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 has 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 on 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 employer contributions to cost-sharing pension plans when they are paid. As described in Note 8 and 9, the employer contribution include portions for pension benefits and for postretirement health care benefits.

**J. Net Position**

Net position is 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 position 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 position is available.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**L. Interfund Transactions**

Transfers between governmental on the government-wide financial statements are reported in the same manner as general receipts. 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 – ACCOUNTABILITY AND COMPLIANCE**

**Changes in Accounting Principles**

For 2012, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Board.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for state and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Board.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Board's financial statements to incorporate the concept of net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statements. GASB Statement No. 65 did not effect the financial statements.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**NOTE 4 – 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, Parks Federal Fund, Clean Ohio Conservation Fund, and Clean Ohio Trail Grant 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 \$12,176 for the General Fund. There were no encumbrances outstanding at year end for the other major funds.

**NOTE 5 – DEPOSITS**

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the District. The Ohio Revised Code prescribes allowable deposits. The District’s carrying amount of cash on deposit with the County at December 31, 2012, was \$3,063,990. 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 deposited accounts.

**NOTE 6 – 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 percent of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 25 percent of true value for taxable property. The assessed value upon which 2012 taxes were collected was \$1,187,359,610. The full rate for all County operations applied to real property for fiscal year ended December 31, 2012, was \$1.00 per \$1,000 of assessed valuation.

The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural/Residential	\$ 930,922,820
Commercial/Industrial/Mineral	206,969,270
<u>Public Utility</u>	
Real	644,560
Personal	48,822,960
	48,822,960
Total Assessed Value	\$ 1,187,359,610

Real Property taxes are payable annually or semi-annually. If paid annually, payment is due February 15. If paid semi-annually, the first payment is due February 15 and the remainder is 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.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**NOTE 7 – RISK POOL MEMBERSHIP**

**A. County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

**B. County Commissioners Association of Ohio Service Corporation**

The District participates in a group rating plan for workers' compensation as established under Section 4123.39 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC: the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

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

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

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 may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2012, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary. The District's contribution rate for pension benefits for 2012 was 14 percent except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 18.10 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, 2012, 2011, and 2010 were \$73,947, \$70,020, and \$73,356 respectively. The full amount has been contributed for 2012, 2011, and 2010.

**NOTE 9 – POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St, Columbus, Ohio 432115-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, local government employers contributed 14.00 percent of covered payroll (18.10 percent for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The portion of employer contributions allocated to fund post-employment health care for 2012 for the members in the Traditional Plan was 4.00 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**NOTE 9 – POSTEMPLOYMENT BENEFITS – (CONTINUED)**

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**NOTE 10 – 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.

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Grant	89410	20.205	<u>\$710,841</u>

*The accompanying notes are an integral part of this schedule.*

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Sandusky County Park District (the District's) federal award program's disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

The Federal program requires the District to contribute non-Federal funds (matching funds) to support the Federally-funded program. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 Place  
Fremont, Ohio 43420-8750

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 2, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

### ***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, opining 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*.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 2, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Sandusky County Park District's, Sandusky County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Sandusky County Park District's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Sandusky County Park District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 2, 2013

**SANDUSKY COUNTY PARK DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction Grant – CDFA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2012-001**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements resulting in sixteen audit adjustments ranging in amounts from \$30 to \$336,836. The most significant adjustments were as follows:

- Committed fund balances of \$193,964 were recorded as restricted net position rather than unrestricted net position;
- Original and final budgeted disbursements for the General fund exceeded the approved appropriation measures by \$336,836 and \$125,738, respectively;
- Final budgeted receipts within the General fund did not include an increase of \$154,029 requested by the Park Director on December 26, 2012;
- Final budgeted advances out of \$251,250 within the Clean Ohio Conservation fund were recorded as budgeted disbursements;
- Property tax allocation receipts of \$143,114 were posted as property taxes levied for general purposes rather than intergovernmental receipts in the government-wide Statement of Activities;
- Intergovernmental receipts and conservation and recreation disbursements of \$75,910 not received and spent until 2013 were recorded within the District's Parks Federal fund in 2012;
- General fund disbursements of \$36,946 were recorded within the Clean Ohio Trail Grant fund;
- Property tax receipts were posted net of fees of \$24,748;
- Intergovernmental receipts of \$22,283 within the Clean Ohio Trail Grant fund were recorded as Other receipts.

Additional audit adjustments were made in smaller relative amounts. The accompanying financial statements and accounting records have been adjusted to correct these errors.

To ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the annual report by the Board of Park Commissioners to identify and correct errors and misclassifications.

**Officials' Response:**

2011 and 2012 were years in which the Park District created several new funds, as required by Federal and State grant programs being accessed by the Park District for large capital projects. The creation and management of new funds occurs very rarely in the Sandusky County Park District. Our inexperience with new funds and managing multiple active funds resulted in several coding errors. None of these errors coding resulted in any loss or misuse of funds. We do acknowledge that errors were made and will work more closely with the county auditor to correctly post these transactions in the future.

**3. FINDINGS FOR FEDERAL AWARDS**

**None**

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# Dave Yost • 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  
AUGUST 20, 2013**