



**Auditor of State
Betty Montgomery**

HANCOCK PARK DISTRICT
HANCOCK COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hancock Park District
Hancock County
1424 E. Main Cross Street
Findlay, OH 45840-7006

To the Board of Commissioners:

We have audited the accompanying financial statements of the Hancock Park District, Hancock County, (the District) as of and for the years ended December 31, 2002 and 2001. 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 audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

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

Betty Montgomery
Auditor of State

April 21, 2003

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
General Property Tax - Real Estate	\$820,706	\$11,767		\$832,473
Tangible Personal Property Tax	200,926			200,926
Intergovernmental	178,846			178,846
Grants	455,092			455,092
Investment Income	14,402			14,402
Gifts and Donations	188,943			188,943
Other Receipts	56,482			56,482
Total Cash Receipts	1,915,397	11,767		1,927,164
Cash Disbursements:				
Current:				
Salaries - Employees	530,190			530,190
Supplies	5,713			5,713
Materials	32,674			32,674
Equipment	69,559			69,559
Contracts - Repair	13,180			13,180
Contracts - Services	165,865			165,865
Rentals	707			707
Advertising and Printing	18,287			18,287
Travel	4,254			4,254
Public Employees Retirement	75,082			75,082
Workers' Compensation	8,248			8,248
Debt:				
Payment of Interest		11,828		11,828
Land Acquisitions	446,427			446,427
Capital Improvements	498,406		\$500,000	998,406
Other	58,822			58,822
Total Cash Disbursements	1,927,414	11,828	500,000	2,439,242
Total Disbursements Over Receipts	(12,017)	(61)	(500,000)	(512,078)
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale of Notes			500,000	500,000
Reimbursements	20,345			20,345
Total Other Financing Receipts	20,345		500,000	520,345
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements	8,328	(61)		8,267
Fund Cash Balances, January 1	305,925	61		305,986
Fund Cash Balances, December 31	\$314,253			\$314,253
Reserves for Encumbrances, December 31	\$17,280			\$17,280

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$828,596		\$828,596
Tangible Personal Property Tax	232,305		232,305
Intergovernmental	176,363		176,363
Investment Income	12,937		12,937
Other Receipts	74,288		74,288
	<u>1,324,489</u>		<u>1,324,489</u>
Cash Disbursements:			
Current:			
Salaries - Employees	511,117		511,117
Supplies	4,517		4,517
Materials	39,805		39,805
Equipment	63,926		63,926
Contracts - Repair	23,731		23,731
Contracts - Services	132,893		132,893
Rentals	1,708		1,708
Advertising and Printing	19,282		19,282
Travel	2,928		2,928
Public Employees Retirement	69,313		69,313
Workers' Compensation	17,194		17,194
Land Acquisitions	19,726		19,726
Capital Improvement	264,314		264,314
Other	57,332		57,332
	<u>1,227,786</u>		<u>1,227,786</u>
Total Receipts Over Disbursements	96,703		96,703
Fund Cash Balances, January 1	209,222	\$61	209,283
Fund Cash Balances, December 31	<u>\$305,925</u>	<u>\$61</u>	<u>\$305,986</u>
Reserves for Encumbrances, December 31	<u><u>\$25,077</u></u>		<u><u>\$25,077</u></u>

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hancock Park District, Hancock County, (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 Hancock County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness: The District established a debt service fund for the repayment of a Tax Anticipation Note used for the Construction of River Bend Lodge.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects.

Riverbend Lodge Construction Fund - This fund received proceeds a tax anticipation note. The proceeds are being used to construct a lodge at Riverbend Park.

E. Budgetary Process

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

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 2002 and 2001 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002, and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,279,071	\$1,935,742	(\$343,329)
Debt Service		11,767	11,767
Capital Projects	500,000	500,000	
Total	\$2,779,071	\$2,447,509	(\$331,562)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,457,339	\$1,944,694	\$512,645
Debt Service	11,828	11,828	
Capital Projects	500,000	500,000	
Total	\$2,969,167	\$2,456,522	\$512,645

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,260,187	\$1,324,489	\$64,302

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,365,788	\$1,252,863	\$112,925
Debt Service	61	61	
Total	\$1,365,849	\$1,252,863	\$112,986

3. PROPERTY TAX

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

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

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

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

4. DEBT

Debt outstanding at December 31, 2002:

	Principal	Interest Rate
Tax Anticipation Notes	\$500,000	2.5 - 4.38%

The District issued a Tax Anticipation Notes on March 27, 2002, in the amount of \$500,000 for to construct the Riverbend Lodge. The notes were issued for a period of five years. The Notes are collateralized by the taxing authority of the District.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Tax Anticipation Notes
2003	\$117,380
2004	114,880
2005	111,880
2006	108,380
2007	104,380
Total	\$556,900

5. RETIREMENT SYSTEM

The District's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP& F and OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F contribute 10.1 percent of their wages to the OP&F. The District contributed an amount equal to 16.7 percent of their wages. OPERS members contributed 8.5 percent of their wages. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

**HANCOCK PARK DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

6. RISK MANAGEMENT

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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**Auditor of State
Betty Montgomery**

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

Hancock Park District
Hancock County
1424 E. Main Cross Street
Findlay, OH 45840-7006

To the Board of Commissioners:

We have audited the accompanying financial statements of the Hancock Park District, Hancock County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 21, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 21, 2003.

Hancock Park District
Hancock County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, and the Board of Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 21, 2003



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HANCOCK PARK DISTRICT

HANCOCK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 3, 2003**