



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 years ended December 31, 2014 and 2013, 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, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Creek Bend Farm Fund, and Wolf Creek Project Fund thereof for the year(s) 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion and Analyses presented on pages 3-7 and 24-28 of the report, and accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

May 7, 2015

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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, 2014, 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

Expenses

Mosser Construction	Wilson Nature Center Construction	\$ 1,610,992.34
The Collaborative Inc.	Design of Wilson Nature Center	\$ 106,353.00
Mount Vernon Barn Co.	Horse Barn Restoration at Creek Bend	\$ 88,466.00
Tri Motor Sales	2014 Ford F350 Maintenance Truck	\$ 24,545.00
Advantage Ford	(2) 2014 Ford Explorers	\$ 45,149.62

Income

North Coast Regional Council of Park Districts	Transfer for Nature Center Construction	\$643,000.00
James Willey	Nature Center Donation	\$10,000.00
The Anderson's Inc.	Nature Center Donation	\$25,000.00
ASAP Grant Pay	Grant: Reimbursement from US fish & Wildlife Service for Decoy Marsh Project	\$18,000.00
Crown Battery	Nature Center Donation	\$10,000.00
Al Baumann Chevrolet	Nature Center Donation	\$10,000.00
Bellevue Hospital	Nature Center Donation	\$10,000.00
Sandusky Co. Comm. Foundation	Nature Center Donation	\$23,700.00
Promedica	Nature Center Donation	\$10,000.00
American Endowment Foundation	Kern Family Charitable fund Grant	\$15,000.00
Glenn Maddy	Nature Center Donation	\$23,000.00
James B. Fails	Nature Center Donation	\$20,000.00
Kate Doust	Nature Center Donation	\$25,000.00
Sandusky Co. Comm. Foundation	Nature Center Donation	\$170,000.00

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 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 largest balances or most activity in separate columns.

**SANDUSKY COUNTY PARK DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(CONTINUED)**

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 reflects how the District performed financially during 2014, 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 presents 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.

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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major governmental funds are the general fund and creek bend farm 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

The table below provides a summary of the District's net position for 2014 compared to 2013 on a cash basis.

	Governmental Activities	
	2014	2013
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,941,985	\$ 3,509,760
Net Position		
Restricted for Other Purposes	456,761	568,057
Unrestricted	2,485,224	2,941,703
Total Net Position	\$ 2,941,985	\$ 3,509,760

Over time, net position can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2014 and 2013 despite the decline in the economy.

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services	\$ 153,969	\$ 427,028
Operating Grants and Contributions	1,195,925	256,742
Total Program Receipts	1,349,894	683,770
General Receipts:		
Property Taxes Levied for General Purposes	1,036,086	985,349
Grants and Entitlements not Restricted to Specific Programs	167,581	157,836
Interest	15,774	10,916
Miscellaneous	6,865	21,201
Total General Receipts	1,226,306	1,175,302
Total Receipts	2,576,200	1,859,072
Disbursements:		
Conservation and Recreation	3,143,975	1,413,302
Change in Net Position	(567,775)	445,770
Net Position, January 1	3,509,760	3,063,990
Net Position, December 31	\$ 2,941,985	\$ 3,509,760

Governmental Activities

The District's net position decreased \$567,775 from 2013. Total governmental disbursements of \$3,143,975 were offset by program receipts of \$1,349,894 and general receipts of \$1,226,306. Program receipts supported 43 percent of the total governmental expenses. Operating grants and contributions increased by \$939,183 or 366

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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percent in 2014 mainly due to a large receipt from the North Coast Regional Council of Park Districts and several large donations to be used for constructing the new nature center. This resulted in a corresponding increase in disbursements in 2014. Charges for services receipts decreased \$273,059 or 64 percent mainly due to a large receipt from Columbia Gas for the canoe launch relocation at Wolf Creek Park in 2013.

The primary source of revenue for governmental activities is derived from property tax receipts. This revenue source represents 40 percent of total governmental revenue.

Conservation and Recreation Services disbursements totaled \$3,143,975 or all of governmental disbursements for 2014.

The Statement of Activities – Cash Basis 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 2014 and 2013. That is, it identifies the cost of these services supported by contributions and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
Program expenses:				
Conservation and Recreation	\$ 3,143,975	\$ 1,794,081	\$ 1,413,302	\$ 729,532

The District's Funds

The District's governmental funds reported a combined fund balance of \$2,941,985, which is \$567,775 less than last years' total of \$3,509,760. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013.

	Fund Balance, December 31			
	2014	2013	Increase / (Decrease)	Percentage Change
General	\$ 2,127,555	\$ 2,580,957	\$ (453,402)	(17.57%)
Creek Bend Farm Fund	331,792	343,618	(11,826)	(3.44%)
Other Governmental	482,638	585,185	(102,547)	(17.52%)
Total Fund Balance	\$ 2,941,985	\$ 3,509,760	\$ (567,775)	(16.18%)

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 2014, the District amended its budget several times. The general fund's final budgeted receipts and other financing sources of \$1,425,192 were \$27,779 higher than the original budgeted receipts of \$1,397,413. Actual receipt collections, excluding other financing sources, were \$1,397,970, \$28,583 greater than final budget estimates. Actual budgetary-basis disbursements, excluding other financing uses, of \$1,378,074 were \$1,491,856 less than final estimates of \$2,869,930.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(CONTINUED)**

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, 2014.

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 ensure 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 Andrew Brown, 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, 2014**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,941,985</u>
Net Position:	
Restricted for:	
Other Purposes	\$ 456,761
Unrestricted	<u>2,485,224</u>
Total Net Position	<u>\$ 2,941,985</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Conservation and Recreation	<u>\$ 3,143,975</u>	<u>\$ 153,969</u>	<u>\$ 1,195,925</u>	<u>\$ (1,794,081)</u>
 General Receipts:				
Property Taxes Levied for General Purposes				1,036,086
Grants and Entitlements not Restricted to Specific Programs				167,581
Interest				15,774
Miscellaneous				<u>6,865</u>
Total General Receipts				<u>1,226,306</u>
Change in Net Position				(567,775)
Net Position Beginning of Year				<u>3,509,760</u>
Net Position End of Year				<u><u>\$ 2,941,985</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Creek Bend Farm	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,127,554</u>	<u>\$ 331,792</u>	<u>\$ 482,639</u>	<u>\$ 2,941,985</u>
Fund Balances:				
Restricted:				
Wolf Creek Project			\$ 175,211	\$ 175,211
Park Trail			256,727	256,727
Nature Works			33,823	33,823
Committed:				
Creek Bend Farm		\$ 331,792		331,792
Sick Leave			16,878	16,878
Assigned:				
Encumbrances	\$ 27,100			27,100
Subsequent Year Appropriations	426,841			426,841
Unassigned	<u>1,673,613</u>			<u>1,673,613</u>
Total Fund Balances	<u>\$ 2,127,554</u>	<u>\$ 331,792</u>	<u>\$ 482,639</u>	<u>\$ 2,941,985</u>

See accompanying notes to the basic 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, 2014**

	<u>General</u>	<u>Creek Bend Farm</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$ 1,036,086			\$ 1,036,086
Charges for Services	127,686	\$ 26,283		153,969
Intergovernmental	212,209	643,000		855,209
Investment Income	15,774			15,774
Other	6,215	508,297	\$ 650	515,162
Total Receipts	<u>1,397,970</u>	<u>1,177,580</u>	<u>650</u>	<u>2,576,200</u>
Disbursements:				
Conservation and Recreation	1,350,973	1,711,788	81,214	3,143,975
Excess of Receipts Over (Under) Disbursements	<u>46,997</u>	<u>(534,208)</u>	<u>(80,564)</u>	<u>(567,775)</u>
Other Financing Sources (Uses):				
Transfers In	55,805	156,382	33,823	246,010
Transfers Out	(190,205)		(55,805)	(246,010)
Advances In		366,000		366,000
Advances Out	(366,000)			(366,000)
Total Other Financing Sources (Uses)	<u>(500,400)</u>	<u>522,382</u>	<u>(21,982)</u>	
Net Change in Fund Balances	(453,403)	(11,826)	(102,546)	(567,775)
Fund Balances Beginning of Year	<u>2,580,957</u>	<u>343,618</u>	<u>585,185</u>	<u>3,509,760</u>
Fund Balances End of Year	<u>\$ 2,127,554</u>	<u>\$ 331,792</u>	<u>\$ 482,639</u>	<u>\$ 2,941,985</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$ 1,009,781	\$ 1,010,695	\$ 1,036,086	\$ 25,391
Charges for Services	156,400	126,059	127,686	1,627
Intergovernmental	216,232	212,210	212,209	(1)
Investment Income	10,000	15,774	15,774	
Other	5,000	4,649	6,215	1,566
Total Receipts	<u>1,397,413</u>	<u>1,369,387</u>	<u>1,397,970</u>	<u>28,583</u>
Disbursements:				
Conservation and Recreation	<u>2,854,930</u>	<u>2,869,930</u>	<u>1,378,074</u>	<u>1,491,856</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,457,517)</u>	<u>(1,500,543)</u>	<u>19,896</u>	<u>1,520,439</u>
Other Financing Sources (Uses):				
Transfers In		55,805	55,805	
Transfers Out	(190,205)	(190,205)	(190,205)	
Advances Out	(366,000)	(366,000)	(366,000)	
Total Other Financing Sources	<u>(556,205)</u>	<u>(500,400)</u>	<u>(500,400)</u>	
Net Change in Fund Balance	(2,013,722)	(2,000,943)	(480,504)	1,520,439
Fund Balance Beginning of Year	2,574,110	2,574,110	2,574,110	
Prior Year Encumbrances Appropriated	<u>6,847</u>	<u>6,847</u>	<u>6,847</u>	
Fund Balance End of Year	<u>\$ 567,235</u>	<u>\$ 580,014</u>	<u>\$ 2,100,453</u>	<u>\$ 1,520,439</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CREEK BEND FARM FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for Services	\$ 26,649	\$ 26,283	\$ 26,283	
Intergovernmental		653,000	643,000	\$ (10,000)
Other	1,074,733	499,297	508,297	9,000
Total Receipts	<u>1,101,382</u>	<u>1,178,580</u>	<u>1,177,580</u>	<u>(1,000)</u>
Disbursements:				
Conservation and Recreation	1,695,000	1,770,000	1,711,788	58,212
Excess of Disbursements Over Receipts	<u>(593,618)</u>	<u>(591,420)</u>	<u>(534,208)</u>	<u>57,212</u>
Other Financing Sources:				
Transfers In	250,000	156,382	156,382	
Advances In		366,000	366,000	
Total Other Financing Sources	<u>250,000</u>	<u>522,382</u>	<u>522,382</u>	
Net Change in Fund Balance	(343,618)	(69,038)	(11,826)	57,212
Fund Balance Beginning of Year	343,618	343,618	343,618	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$</u>	<u>\$ 274,580</u>	<u>\$ 331,792</u>	<u>\$ 57,212</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus as Amendment of GASB Statement No. 14 and 34”. The reporting entity is composed of the primary government and component units. 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 same as the Board deems conducive to the general welfare.

The Sandusky County Auditor acts as fiscal agent for the District and the Sandusky County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally 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.

C. Jointly Governed Organizations

North Coast Regional Council of Park Districts

The North Coast Regional Council of Park Districts (NCRCPD) is a jointly governed organization among five Ohio metropolitan park districts including Erie MetroParks, Lorain County Metropolitan Park District, Medina County Park District, Sandusky County Park District, and Wood County Park District. The goal of NCRCPD is the restoration and

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 1 – REPORTING ENTITY – (Continued)

enhancement of wetlands and streams as compensatory mitigation under Sections 401 and 404 of the Clean Water Act, 33 U.S.C. §1251-1387, and the incorporation of the restored wetlands and streams into the county park system of its member districts. The degree of control exercised by any participating park district is limited to its representation on the Board. In 2014, the NCRCPD funded \$643,000 to the District for the construction of the new nature center at Creek Bend Farm.

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 modified 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 modified cash basis of accounting.

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 modified 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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

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.

Creek Bend Farm Fund – The Creek Bend Farm Fund is used to account for the receipts and disbursements related to the construction of a new nature center and other renovations at Creek Bend Farm.

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts 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, except agency 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

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

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 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 2014 was \$15,774.

F. Restricted Assets

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

G. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

J. 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.

K. 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 7 and 8, the employer contribution include portions for pension benefits and for postretirement health care benefits.

L. Net Position

Net position is reported as restricted when there are limitations imposed on its 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.

M. 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

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

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.

N. 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 – 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Creek Bend Farm Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) 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 \$27,101 for the General Fund. There were no encumbrances outstanding for the Creek Bend Farm Fund.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4 – 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 and investments. The District's carrying amount of cash on deposit with the County at December 31, 2014, was \$2,941,985. 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 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 25% of true value for taxable property. The assessed value upon which 2014 taxes were collected was \$1,153,780,980. The full rate for all County operations applied to real property for fiscal year ended December 31, 2014, was \$1.00 per \$1,000 of assessed valuation.

The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

<u>Real Property</u>			
Agricultural/Residential	\$	881,026,250	
Commercial/Industrial/Mineral		195,945,150	
 <u>Public Utility</u>			
Real		733,060	
Personal		76,076,520	
	<u>\$</u>	<u>1,153,780,980</u>	

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.

NOTE 6 –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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 6 –RISK POOL MEMBERSHIP – (Continued)

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 7 – DEFINED BENEFIT PENSION PLANS

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The 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, 2014, 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 12.1

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – (Continued)

percent of their annual covered salary. The District's contribution rate for pension benefits for 2014 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, 2014, 2013, and 2012 were \$83,783, \$75,669, and \$73,947 respectively. The full amount has been contributed for 2014, 2013, and 2012.

NOTE 8 – 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, OPEERS 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 43215-4642 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 2014, 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 2014 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.

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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 9 – OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds included \$27,101 within the general fund.

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.

NOTE 11 – INTERFUND TRANSFERS

During 2014 the following transfers were made:

Transfers from the General Fund to:	
Creek Bend Farm Fund	\$ 156,382
Other Governmental Funds	<u>33,823</u>
Total Transfers from the General Fund	<u>\$ 190,205</u>
Transfers from Other Governmental Funds to the General Fund	<u>\$ 55,805</u>

Transfers from the General Fund represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from Other Governmental Funds to the General Fund represent amounts remaining at the conclusion of projects that were transferred back to the General Fund.

NOTE 12 – INTERFUND ADVANCES

During 2014, the following advance was made:

Due to the General Fund from:	
Creek Bend Farm Fund	<u>\$ 366,000</u>

Amounts advanced to the Creek Bend Farm Fund include loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year. As of December 31, 2014, this advance had not been repaid.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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, 2013, 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

Expenses

Henderson Heating & Air	Replace Main Office HVAC	\$ 7,061.00
Clouse Electric	Creek Bend Farm Barn Electrical Upgrade	\$ 43,300.00
Bay Tractor and Turf	John Deere RSX 850	\$ 12,001.02
Henderson Heating & Air	White Star Office HVAC Replacement	\$ 4,589.00
Streaker Tractor	New Alamo Versa Boom Mower	\$ 41,449.00

Income

Columbia Gas Transmission	Wolf Creek Canoe Launch Donation	\$276,000.00
ODNR – Clean Ohio Grant	Clyde-Bellevue Bike Trail	\$ 14,503.20
People For Parks	Movie System Donation	\$ 11,625.00
ODNR – Clean Ohio Grant	Clyde-Bellevue Bike Trail	\$ 17,922.20
Weiler Estate	Nature Center Donation	\$ 34,403.41
Knight Baldwin Charitable Trust	Nature Center Donation	\$ 50,000.00
Daryl & Cate Knipp	Nature Center Donation	\$ 5,000.00
Fremont Federal Credit Union	Nature Center Donation	\$ 5,000.00

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 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 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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(CONTINUED)**

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 2013, 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 presents 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.

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 and wolf creek project fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(CONTINUED)**

The District as a Whole

The table below provides a summary of the District's net position for 2013 compared to 2012 on a cash basis.

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 3,509,760	\$ 3,063,990
Net Position		
Restricted for Other Purposes	568,057	889,619
Unrestricted	2,941,703	2,174,371
Total Net Position	\$ 3,509,760	\$ 3,063,990

Over time, net position can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2013 and 2012 despite the decline in the economy.

	Governmental Activities	
	2013	2012
Receipts:		
Program Receipts:		
Charges for Services	\$ 427,028	\$ 173,112
Operating Grants and Contributions	256,742	1,125,680
Total Program Receipts	683,770	1,298,792
General Receipts:		
Property Taxes Levied for General Purposes	985,349	1,005,894
Grants and Entitlements not Restricted to Specific Programs	157,836	296,195
Interest	10,916	10,826
Miscellaneous	21,201	14,353
Total General Receipts	1,175,302	1,327,268
Total Receipts	1,859,072	2,626,060
Disbursements:		
Conservation and Recreation	1,413,302	2,341,354
Change in Net Position	445,770	284,706
Net Position, January 1	3,063,990	2,779,284
Net Position, December 31	\$ 3,509,760	\$ 3,063,990

Governmental Activities

The District's net position increased \$445,770 from 2012. Total governmental disbursements of \$1,413,302 were offset by program receipts of \$683,770 and general receipts of \$1,175,302. Program receipts supported 48 percent of the total governmental expenses. Operating grants and contributions decreased by \$868,938 or 77 percent in 2013 mainly due to a large federal grant received for the bike trail project in 2012. This resulted in a corresponding decrease in disbursements in 2013. Charges for services receipts increased \$253,916 or 147 percent mainly due to a large receipt from Columbia Gas for the canoe launch relocation at Wolf Creek Park.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(CONTINUED)**

The primary source of revenue for governmental activities is derived from property tax receipts. This revenue source represents 53 percent of total governmental revenue.

Conservation and Recreation Services disbursements totaled \$1,413,302 or all of governmental disbursements for 2013.

The Statement of Activities – Cash Basis 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 2013 and 2012. That is, it identifies the cost of these services supported by contributions and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
Program expenses:				
Conservation and Recreation	<u>\$ 1,413,302</u>	<u>\$ 729,532</u>	<u>\$ 2,341,354</u>	<u>\$ 1,042,562</u>

The District's Funds

The District's governmental funds reported a combined fund balance of \$3,509,760, which is \$445,770 more than last years' total of \$3,063,990. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012.

	<u>Fund Balance, December 31</u>			Percentage Change
	2014	2013	Increase / (Decrease)	
General	\$ 2,580,957	\$ 1,980,407	\$ 600,550	30.32%
Wolf Creek Project	256,175		256,175	100.00%
Other Governmental	672,628	1,083,583	(410,955)	(37.93%)
Total Fund Balance	<u>\$ 3,509,760</u>	<u>\$ 3,063,990</u>	<u>\$ 445,770</u>	<u>14.55%</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 2013, the District amended its budget several times. Estimated receipts for the general fund did not change during 2013. Actual receipt collections, excluding other financing sources, were \$1,319,154, \$94,959 greater than final budget estimates. Actual budgetary-basis disbursements, excluding other financing uses, of \$1,322,513 were \$895,789 less than final estimates of \$2,218,302.

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, 2013.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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 ensure 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 Andrew Brown, 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, 2013**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,509,760</u>
Net Position:	
Restricted for:	
Other Purposes	\$ 568,057
Unrestricted	<u>2,941,703</u>
Total Net Position	<u>\$ 3,509,760</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Conservation and Recreation	<u>\$ 1,413,302</u>	<u>\$ 427,028</u>	<u>\$ 256,742</u>	<u>\$ (729,532)</u>
 General Receipts:				
Property Taxes Levied for General Purposes				985,349
Grants and Entitlements not Restricted to Specific Programs				157,836
Interest				10,916
Miscellaneous				<u>21,201</u>
Total General Receipts				<u>1,175,302</u>
Change in Net Position				445,770
Net Position Beginning of Year				<u>3,063,990</u>
Net Position End of Year				<u>\$ 3,509,760</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Wolf Creek Project	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,580,957	\$ 256,175	\$ 672,628	\$ 3,509,760
Fund Balances:				
Restricted:				
Wolf Creek Project		\$ 256,175		\$ 256,175
Park Trail			\$ 256,077	256,077
Clean Ohio Conservation			938	938
Clean Ohio Trail			54,867	54,867
Committed:				
Creek Bend Farm			343,618	343,618
Sick Leave			17,128	17,128
Assigned:				
Encumbrances	\$ 6,847			6,847
Subsequent Year Appropriations	2,013,722			2,013,722
Unassigned	560,388			560,388
Total Fund Balances	\$ 2,580,957	\$ 256,175	\$ 672,628	\$ 3,509,760

See accompanying notes to the basic 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, 2013**

	General	Wolf Creek Project	Other Governmental Funds	Total Governmental Funds
Receipts:				
Property Taxes	\$ 985,349			\$ 985,349
Charges for Services	124,313	\$ 276,000	\$ 26,715	427,028
Intergovernmental	179,275		110,236	289,511
Investment Income	10,916			10,916
Other	19,301		126,967	146,268
Total Receipts	1,319,154	276,000	263,918	1,859,072
Disbursements:				
Conservation and Recreation	1,315,666	19,825	77,811	1,413,302
Excess of Receipts Over Disbursements	3,488	256,175	186,107	445,770
Other Financing Sources (Uses):				
Transfers In	171,289		150,786	322,075
Transfers Out	(150,786)		(171,289)	(322,075)
Advances In	576,559			576,559
Advances Out			(576,559)	(576,559)
Total Other Financing Sources (Uses)	597,062		(597,062)	
Net Change in Fund Balances	600,550	256,175	(410,955)	445,770
Fund Balances Beginning of Year	1,980,407		1,083,583	3,063,990
Fund Balances End of Year	\$ 2,580,957	\$ 256,175	\$ 672,628	\$ 3,509,760

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$ 985,349	\$ 985,349	\$ 985,349	
Charges for Services	29,393	29,393	124,313	\$ 94,920
Intergovernmental	179,276	179,276	179,275	(1)
Investment Income	10,876	10,876	10,916	40
Other	19,301	19,301	19,301	
Total Receipts	<u>1,224,195</u>	<u>1,224,195</u>	<u>1,319,154</u>	<u>94,959</u>
Disbursements:				
Conservation and Recreation	2,049,802	2,218,302	1,322,513	895,789
Excess of Disbursements Over Receipts	<u>(825,607)</u>	<u>(994,107)</u>	<u>(3,359)</u>	<u>990,748</u>
Other Financing Sources (Uses):				
Transfers In	171,289	171,289	171,289	
Transfers Out	(150,786)	(150,786)	(150,786)	
Advances In	576,559	576,559	576,559	
Total Other Financing Sources (Uses)	<u>597,062</u>	<u>597,062</u>	<u>597,062</u>	
Net Change in Fund Balance	(228,545)	(397,045)	593,703	990,748
Fund Balance Beginning of Year	1,977,059	1,977,059	1,977,059	
Prior Year Encumbrances Appropriated	3,348	3,348	3,348	
Fund Balance End of Year	<u>\$ 1,751,862</u>	<u>\$ 1,583,362</u>	<u>\$ 2,574,110</u>	<u>\$ 990,748</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOLF CREEK PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for Services	<u>\$ 276,000</u>	<u>\$ 276,000</u>	<u>\$ 276,000</u>	
Disbursements:				
Conservation and Recreation	<u>200,000</u>	<u>200,000</u>	<u>99,820</u>	<u>\$ 100,180</u>
Net Change in Fund Balance	76,000	76,000	176,180	100,180
Fund Balance Beginning of Year				
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u><u>\$ 76,000</u></u>	<u><u>\$ 76,000</u></u>	<u><u>\$ 176,180</u></u>	<u><u>\$ 100,180</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus as Amendment of GASB Statement No. 14 and 34”. The reporting entity is composed of the primary government and component units. 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 same as the Board deems conducive to the general welfare.

The Sandusky County Auditor acts as fiscal agent for the District and the Sandusky County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally 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.

C. Jointly Governed Organizations

North Coast Regional Council of Park Districts

The North Coast Regional Council of Park Districts (NCRCPD) is a jointly governed organization among five Ohio metropolitan park districts including Erie MetroParks, Lorain County Metropolitan Park District, Medina County Park District, Sandusky County Park District, and Wood County Park District. The goal of NCRCPD is the restoration and

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 1 – REPORTING ENTITY – (Continued)

enhancement of wetlands and streams as compensatory mitigation under Sections 401 and 404 of the Clean Water Act, 33 U.S.C. §1251-1387, and the incorporation of the restored wetlands and streams into the county park system of its member districts. The degree of control exercised by any participating park district is limited to its representation on the Board.

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 modified 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 modified cash basis of accounting.

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 modified 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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

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.

Wolf Creek Project Fund – The Wolf Creek Project Fund is used to account for the receipts and disbursements related to the canoe launch relocation at Wolf Creek Park.

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts 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, except agency 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

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

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 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 2013 was \$10,916.

F. Restricted Assets

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

G. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

J. 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.

K. 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 7 and 8, the employer contribution include portions for pension benefits and for postretirement health care benefits.

L. Net Position

Net position is reported as restricted when there are limitations imposed on its 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.

M. 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

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

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.

N. 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 – 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Wolf Creek Project Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) 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 \$6,847 for the General Fund and \$79,995 for the Wolf Creek Project Fund.

NOTE 4 – 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 and investments. The District's carrying amount of cash on deposit with the County at December 31, 2013, was \$3,509,760. The Sandusky County

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 4 – DEPOSITS – (Continued)

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 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 25% of true value for taxable property. The assessed value upon which 2013 taxes were collected was \$1,125,164,100. The full rate for all County operations applied to real property for fiscal year ended December 31, 2013, was \$1.00 per \$1,000 of assessed valuation.

The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real Property</u>			
Agricultural/Residential	\$	879,029,190	
Commercial/Industrial/Mineral		192,186,580	
 <u>Public Utility</u>			
Real		700,380	
Personal		53,247,950	
	\$	1,125,164,100	

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.

NOTE 6 –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

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 6 –RISK POOL MEMBERSHIP – (Continued)

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 7 – DEFINED BENEFIT PENSION PLANS

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The 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, 2013, 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 12.1 percent of their annual covered salary. The District's contribution rate for pension benefits for 2013 was

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – (Continued)

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, 2013, 2012, and 2011 were \$75,669, \$73,947, and \$70,020 respectively. The full amount has been contributed for 2013, 2012, and 2011.

NOTE 8 – 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, OPEERS 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 43215-4642 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 2013, 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 2013 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.

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.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 9 – OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Opinion Unit	Encumbrances
General Fund	\$ 6,847
Wolf Creek Project Fund	79,995
Total	\$ 86,842

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.

NOTE 11 – INTERFUND TRANSFERS

During 2013 the following transfers were made:

Transfers from the General Fund to Other Governmental Funds	<u>\$ 150,786</u>
Transfers from Other Governmental Funds to the General Fund	<u>\$ 171,289</u>

Transfers from the General Fund represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from Other Governmental Funds to the General Fund represent amounts remaining at the conclusion of projects that were transferred back to the General Fund.

NOTE 12 – INTERFUND ADVANCES

During 2013 the following advances were made:

Advances from Other Governmental Funds to the General Fund	<u>\$ 576,559</u>
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Amounts advanced to the General Fund were repayments of amounts advanced to Other Governmental Funds during the prior year to provide working capital for operations or projects. These amounts were repaid within one year.



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 years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 7, 2015 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 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.



Dave Yost
Auditor of State

Columbus, Ohio

May 7, 2015

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

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 the following audit adjustments:

- On the Statement of Net Position, unrestricted net position of \$887,836 in 2014 and \$537,900 in 2013 was recorded as restricted;
- On the Statement of Activities, grants and entitlements not restricted to specific programs of \$144,469 and miscellaneous general receipts of \$4,203 were posted as program revenues - operating grants and contributions in 2014;
- Grants and entitlements not restricted to specific programs of \$144,062 were posted as property taxes levied for general purposes on the Government Wide Statement of Activities in 2013;
- Miscellaneous general receipts of \$13,875 were posted as program revenues - operating grants and contributions on the Government Wide Statement of Activities in 2013;
- Program revenues - operating grants and contributions and disbursements were overstated by \$835,538 on the Government Wide Statement of Activities in 2013;
- The creek bend farm fund, which included receipts of \$1,699,962, disbursements of \$1,711,788 and a beginning balance of \$343,618, was not separately reported as a major fund in 2014;
- The wolf creek project fund, which included receipts of \$276,000, disbursements of \$19,825 and a beginning balance of \$256,175, was not separately reported as a major fund in 2013;
- A disbursement of \$63,295 paid directly to the vendor by the Ohio Department of Transportation on behalf of the District was not recorded as a memo receipt and disbursement in 2013; and
- A donation of \$10,000 in 2014 in the creek bend farm fund was recorded as Intergovernmental.

In addition, the District's original budgeted receipts did not agree to the first amended certificate of estimated resources for the creek bend farm fund in 2014. Final budgeted disbursements did not agree to final amended appropriation resolutions for the general fund in 2013 (\$243,173) or 2014 (\$1,100). Beginning budgetary balances did not agree to the prior year's ending balances for the general fund in 2013 (\$12,176) or 2014 (\$6,848), and actual budgetary-basis disbursements did not include amounts encumbered at year end for the general fund in 2013 (\$6,847) or 2014 (\$27,101).

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements 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 to identify and correct errors, omissions, and misclassifications.

Officials' Response:

The Park District recognizes that many of the errors noted in the audit could have been minimized or altogether avoided by working more closely with the Sandusky County Auditor's Office, our fiscal agent. As a new Director, I will make it a point to regularly meet with the newly appointed Auditor. Unfortunately, some of these errors were made because of new staff filling roles left by longtime employees. We acknowledge that errors were made and we will work closely with the County Auditor going forward. Also, a review by the Board of the County Auditor's annual report will be implemented in the future as well.

**SANDUSKY COUNTY PARK DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness due to errors in financial reporting.	No	Not Corrected. Repeated in this report as finding 2014-001.



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SANDUSKY COUNTY PARK DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2015**