



**Auditor of State  
Betty Montgomery**



HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Historical Parks Commission  
Fairfield County  
407 East Main Street  
Lancaster, Ohio 43105

To the Board of Park Commissioners:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2004, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
**Auditor of State**

August 3, 2004

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$98,410	\$0	\$98,410
Grants	3,757	0	3,757
Gifts and Donations	1,935	1,023	2,958
Recreation Fees	6,200	0	6,200
Other Receipts	74	0	74
	<u>110,376</u>	<u>1,023</u>	<u>111,399</u>
Total Cash Receipts			
	<u>110,376</u>	<u>1,023</u>	<u>111,399</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	35,784	0	35,784
Supplies and Materials	22,860	0	22,860
Contracts - Repair	1,292	0	1,292
Contracts - Services	55,447	0	55,447
	<u>115,383</u>	<u>0</u>	<u>115,383</u>
Total Cash Disbursements			
	<u>115,383</u>	<u>0</u>	<u>115,383</u>
Total Receipts Over/(Under) Disbursements	(5,007)	1,023	(3,984)
Fund Cash Balances, January 1	32,315	413	32,728
	<u>32,315</u>	<u>413</u>	<u>32,728</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$27,308</u></b>	<b><u>\$1,436</u></b>	<b><u>\$28,744</u></b>
Reserves for Encumbrances, December 31	<u>\$1,682</u>	<u>\$0</u>	<u>\$1,682</u>

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

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$285,217	\$0	\$285,217
Gifts and Donations	3,633	0	3,633
Recreation Fees	15,375	0	15,375
Other Receipts	650	0	650
	<u>304,875</u>	<u>0</u>	<u>304,875</u>
Total Cash Receipts			
	<u>304,875</u>	<u>0</u>	<u>304,875</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	34,826	0	34,826
Supplies and Materials	8,713	0	8,713
Equipment	34,471	0	34,471
Contracts - Repair	2,887	0	2,887
Contracts - Services	243,681	25,000	268,681
	<u>324,578</u>	<u>25,000</u>	<u>349,578</u>
Total Cash Disbursements			
	<u>324,578</u>	<u>25,000</u>	<u>349,578</u>
Total Receipts Over/(Under) Disbursements	(19,703)	(25,000)	(44,703)
Fund Cash Balances, January 1	52,018	25,413	77,431
	<u>52,018</u>	<u>25,413</u>	<u>77,431</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$32,315</u></b>	<b><u>\$413</u></b>	<b><u>\$32,728</u></b>
Reserves for Encumbrances, December 31	\$4,643	\$0	\$4,643
	<u>\$4,643</u>	<u>\$0</u>	<u>\$4,643</u>

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



**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Historical Parks Commission, Fairfield County, Ohio, (the Commission) 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 Commission is directed by a three-member Board of Park Commissioners appointed by the probate judge of Fairfield County. The Commission acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Fund Accounting**

The Commission uses fund accounting to segregate cash that is restricted as to use. The Commission classifies its funds into the following types:

**General Fund**

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

**Special Revenue Funds**

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

Covered Bridge Fund: This fund is used to accumulate monies for the restoration of historical bridges within the Commission.

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

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

**E. Budgetary Process**

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

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Commission to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 2.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,208	\$110,376	\$10,168
Special Revenue	0	1,023	1,023
Total	\$100,208	\$111,399	\$11,191

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

**2. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,851	\$117,065	\$9,786
Special Revenue	0	0	0
Total	<u>\$126,851</u>	<u>\$117,065</u>	<u>\$9,786</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$303,610	\$304,875	\$1,265
Special Revenue	0	0	0
Total	<u>\$303,610</u>	<u>\$304,875</u>	<u>\$1,265</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$353,417	\$329,221	\$24,196
Special Revenue	25,000	25,000	0
Total	<u>\$378,417</u>	<u>\$354,221</u>	<u>\$24,196</u>

**3. DEBT**

The Fairfield County Commissioners made an interest-free loan to the Commission totaling \$71,130 in 1996. These monies were used to fund the construction of the Cross Mound Park footbridge and the maintenance of county parks. The loan is to be repaid with Commission resources when such resources become available. To date, the Commission has not made any payment on this loan nor has the County requested payment.

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Commission contributed an amount equal to 13.55% of their participant's gross salary for 2003 and 2002. The Commission has paid all contributions required through December 31, 2003.

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

**5. RISK MANAGEMENT**

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

Casualty Coverage

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

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

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	<u>(12,872,985)</u>	<u>(8,550,749)</u>
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>
 <u>Property Coverage</u>	 <u>2003</u>	 <u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	<u>(792,061)</u>	<u>(655,318)</u>
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

**HISTORICAL PARKS COMMISSION  
FAIRFIELD COUNTY**

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

**6. RELATED ORGANIZATION**

The Commission is a related organization of Fairfield County. The County has no ability to impose its will on the Commission, nor is a burden/benefit relationship in existence. The Commission is its own budgeting and taxing authority. The County Auditor serves as the fiscal agent for the Commission; therefore, the Commission's financial activity is reflected in a County Agency fund.

**7. METRO PARK DISTRICT FACILITY PROGRAM**

The Metro Park District Facility Program administered by the Ohio Department of Transportation (ODOT) provides funds for the construction, reconstruction, improvement, repair, and maintenance of roads and facilities within a park district or roads leading from state and U.S. highways to such parks. The Ohio Parks and Recreation Association (OPRA) is the program manager for these funds.

OPRA establishes the project selection and funding amounts for the Commission for the biennium. The Commission then decides to sell projects by one of the following methods:

- The Commission enters into an agreement with ODOT to be the responsible lead agency to design, sell, and administer the construction project,
- ODOT processes the plans, and sells and manages the project, or
- The Commission may purchase road building materials through ODOT using the purchase order process. Examples of the materials would be stone and gravel, asphalt, concrete, pipe, guard posts, etc.

All costs in excess of the Commission's allocation are paid by the Commission.

During 2002 and 2003, the Commission utilized these funds to purchase stone and gravel, and for asphalt paving. Amounts contributed by ODOT during 2002 and 2003 amounted to \$1,496 and \$38,389, respectively.

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## **Auditor of State Betty Montgomery**

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

Historical Parks Commission  
Fairfield County  
407 East Main Street  
Lancaster, Ohio 43130

To the Board of Park Commissioners

We have audited the financial statements of the Historical Parks Commission, Fairfield County, Ohio, (the Commission) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated August 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

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

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

In planning and performing our audit, we considered the Commission's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Commission in a separate letter dated August 3, 2004.

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

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

**Betty Montgomery**  
**Auditor of State**

August 3, 2004





**Auditor of State  
Betty Montgomery**

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## **HISTORICAL PARKS COMMISSION**

### **FAIRFIELD 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  
OCTOBER 18, 2004**