



**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**



**Dave Yost • Auditor of State**



**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY  
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# Dave Yost • Auditor of State

Geauga County Park District  
Geauga County  
9160 Robinson Rd.  
Chardon, Ohio 44024

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Dave Yost**  
Auditor of State

August 5, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Park District  
Geauga County  
9160 Robinson Rd.  
Chardon, Ohio 44024

To the Board:

We have audited the accompanying financial statements of Geauga County Park District, Geauga County, (the District) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Geauga County Park District, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Dave Yost**  
Auditor of State

August 5, 2011



**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$6,125,034	\$0	\$6,125,034
Tangible Personal Property	15,258	0	15,258
Intergovernmental	1,613,192	2,683,660	4,296,852
Investment Income	3,294	3,419	6,713
Gifts and Donations	47,922	237,670	285,592
Fees	20,608	0	20,608
Sales	25,300	0	25,300
Refunds	275	0	275
Other Receipts	49,349	41,900	91,249
	<u>7,900,232</u>	<u>2,966,649</u>	<u>10,866,881</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current Disbursements:			
Conservation/Recreation:			
Salaries	2,899,895	0	2,899,895
Supplies	214,549	0	214,549
Materials	180,073	0	180,073
Equipment	425,990	0	425,990
Contracts - Repair	12,128	0	12,128
Contracts - Services	949,547	215,731	1,165,278
Contracts - Projects	0	1,877,831	1,877,831
Grants	45,403	0	45,403
Land	0	3,411,982	3,411,982
Advertising and Printing	12,308	0	12,308
Travel	11,764	0	11,764
Ohio Public Employees Retirement	412,794	0	412,794
Worker's Compensation	34,964	0	34,964
Hospitalization	497,663	0	497,663
Other	171,595	550,051	721,646
	<u>5,868,673</u>	<u>6,055,595</u>	<u>11,924,268</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>2,031,559</u>	<u>(3,088,946)</u>	<u>(1,057,387)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	0	1,000,000	1,000,000
Transfers-Out	<u>(1,000,000)</u>	<u>0</u>	<u>(1,000,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>			
	1,031,559	(2,088,946)	(1,057,387)
Fund Cash Balances, January 1, 2010	<u>1,909,977</u>	<u>3,388,233</u>	<u>5,298,210</u>
<b>Fund Cash Balances, December 31, 2010</b>	<b><u>\$2,941,536</u></b>	<b><u>\$1,299,287</u></b>	<b><u>\$4,240,823</u></b>
Reserve for Encumbrances, December 31, 2010	<u>\$52,399</u>	<u>\$482,006</u>	<u>\$534,405</u>

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

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$6,031,243	\$0	\$6,031,243
Tangible Personal Property	35,797	0	35,797
Intergovernmental	1,543,666	1,000	1,544,666
Investment Income	8,563	14,209	22,772
Gifts and Donations	91,634	467,824	559,458
Fees	25,518	0	25,518
Sales	35,971	0	35,971
Refunds	637	0	637
Other Receipts	113,347	20,051	133,398
	<u>7,886,376</u>	<u>503,084</u>	<u>8,389,460</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current Disbursements:			
Conservation/Recreation:			
Salaries	2,949,806	0	2,949,806
Supplies	191,847	0	191,847
Materials	157,574	0	157,574
Equipment	393,880	0	393,880
Contracts - Repair	22,690	0	22,690
Contracts - Services	1,380,308	138,748	1,519,056
Contracts - Projects	0	262,927	262,927
Land	0	2,264,605	2,264,605
Advertising and Printing	19,348	0	19,348
Travel	11,514	0	11,514
Ohio Public Employees Retirement	417,182	0	417,182
Worker's Compensation	74,395	0	74,395
Unemployment Compensation	109	0	109
Hospitalization	421,517	0	421,517
Other	205,840	0	205,840
	<u>6,246,010</u>	<u>2,666,280</u>	<u>8,912,290</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>1,640,366</u>	<u>(2,163,196)</u>	<u>(522,830)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	0	1,500,000	1,500,000
Transfers-Out	(1,500,000)	0	(1,500,000)
	<u>(1,500,000)</u>	<u>1,500,000</u>	<u>0</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	140,366	(663,196)	(522,830)
Fund Cash Balances, January 1, 2009	<u>1,769,611</u>	<u>4,051,429</u>	<u>5,821,040</u>
<b>Fund Cash Balances, December 31, 2009</b>	<b><u>\$1,909,977</u></b>	<b><u>\$3,388,233</u></b>	<b><u>\$5,298,210</u></b>
Reserve for Encumbrances, December 31, 2009	<u>\$95,520</u>	<u>\$822,098</u>	<u>\$917,618</u>

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

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Geauga County Park District, Geauga County, (the District) as a body corporate and politic. The probate judge of Geauga County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

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

**B. Accounting Basis**

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

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

**C. Deposit and Investments**

As the Ohio Revised Code permits, the Geauga County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the County Treasurer's reported carrying amount.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project fund:

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Project Funds (Continued)**

Park Board Improvement Fund – This fund was established to acquire, develop and improve park lands and facilities.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2010 and 2009 budgetary activity appears in Note 2.

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

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

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. Accumulated Leave**

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

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,546,576	\$7,900,232	(\$1,646,344)
Capital Projects	7,248,141	3,966,649	(3,281,492)
Total	\$16,794,717	\$11,866,881	(\$4,927,836)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,921,661	\$6,921,072	\$1,000,589
Capital Projects	7,305,299	6,537,601	767,698
Total	\$15,226,960	\$13,458,673	\$1,768,287

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,335,974	\$7,866,376	(\$1,469,598)
Capital Projects	5,839,696	2,003,084	(3,836,612)
Total	\$15,175,670	\$9,869,460	(\$5,306,210)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,884,728	\$7,841,530	\$1,043,198
Capital Projects	5,907,944	3,488,378	2,419,566
Total	\$14,792,672	\$11,329,908	\$3,462,764

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. These dates can change, if the County grants an extension on collection.

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

Tangible personal property tax is assessed only against local and inter-exchange telephone companies for 2010 and 2009 who must file a list of such property to the County by each April 30.

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

**4. Retirement Systems**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**5. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, INC. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. Risk Management (Continued)**

The aforementioned casualty and property reinsurance agreement does 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$44,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$47,000	\$66,000

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP.

**GEAUGA COUNTY PARK DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. Risk Management (Continued)**

Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.





# Dave Yost • Auditor of State

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

Geauga County Park District  
Geauga County  
9160 Robinson Rd.  
Chardon, Ohio 44024

To the District Board of Trustees:

We have audited the financial statements of the Geauga County Park District, Geauga County, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 5, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, the District Board of Trustees and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

August 5, 2011



# Dave Yost • Auditor of State

**GEAUGA COUNTY PARK DISTRICT**

**GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 23, 2011**