

***HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2000***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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The Board of Trustees  
Hancock County/City of Findlay Joint Recreation District  
3430 North Main Street  
Findlay, Ohio 45840

We have reviewed the Independent Auditor's Report of the Hancock County/City of Findlay Joint Recreation District, Hancock County, prepared by Charles E. Harris and Associates, Inc., for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hancock County/City of Findlay Joint Recreation District is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

August 21, 2001

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**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**  
**Audit Report**  
**For the Year Ended December 31, 2000**

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**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**  
**Audit Report**  
**For the Year Ended December 31, 2000**

**APPOINTED OFFICIALS**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>
Craig Anderson	Chairman	1/1/99 to 12/31/01	(A)	\$10,000
Thomas Shindledecker	Member	1/1/99 to 12/31/01	(A)	\$10,000
Roger Neff	Member	1/1/00 to 12/31/02	(A)	\$10,000
Tim Brugeman	Member	1/1/00 to 12/31/02	(A)	\$10,000
Patrick Hickey	Member	1/1/00 to 12/31/02	(A)	\$10,000
Greg Meyers	Member	1/1/98 to 12/31/00	(A)	\$10,000
Dennis Recker	Member	1/1/99 to 12/31/01	(A)	\$10,000

(A) Hylant Administrative Services, Inc.

**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**  
**Audit report**  
**For The Year Ended December 31, 2000**

**ADMINISTRATIVE PERSONNEL**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>
Bob Coslett	Director	Continuous	(A)	\$10,000
Pam Deer	Administrative Assistant	Continuous	(A)	\$10,000

(A) Hylant Administrative Services, Inc.



*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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Fax - (216) 436-2411

**REPORT OF INDEPENDENT ACCOUNTANTS**

**The Board of Trustees of  
Hancock Findlay/City of Findlay  
Joint Recreation District  
Findlay, Ohio**

**We have audited the accompanying special purpose government financial statements of Hancock County/City of Findlay Joint Recreation District (the District), as of and for the year ended December 31, 2000, as listed in the table of contents. 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 and the standards generally accepted in the United States of America 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.**

**A special purpose government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the special purpose government financial statements referred to above present fairly, in all material respects, the financial position of the special purpose government as of December 31, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.**

**However, the special purpose government financial statements, because they do not include the financial data of component units of the District, do not purport to, and do not, present fairly the financial position of the District as of December 31, 2000, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.**

**In accordance with *Government Auditing Standards*, we have also issued a report dated July 11, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.**

*Charles E. Harris & Associates, Inc.*  
July 11, 2001

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
BALANCE SHEET  
December 31, 2000**

	<b>2000</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 380,728
Accounts Receivable	3
Inventories	39,841
Prepaid Insurance	2,754
Total Current Assets	423,326
<b>Property and Equipment</b>	118,009
<b>Other Assets</b>	
Computer Software (Net of Accumulated Amortization of \$867 for 2000)	55
Total Other Assets	55
<b>Total Assets</b>	<b>541,390</b>
 <b>LIABILITIES &amp; RETAINED EARNINGS</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 4,833
Accrued Wages, Benefits and Related Payroll Taxes	16,433
Sales Tax Payable	853
Total Current Liabilities	22,119
<b>Long-Term Liabilities</b>	
Compensated Absences	38,449
Total Long-Term Liabilities	38,449
<b>Total Liabilities</b>	60,568
<b>Retained Earnings</b>	480,822
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$ 541,390</b>

*See Notes to the Financial Statements*

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>2000</b>
<b>OPERATING REVENUE</b>	
Ice Rental	\$ 178,228
Skating Income	70,421
Concessions	52,062
Building & Equipment Rental	17,826
Pro Shop	30,928
Video Center	5,401
Advertising Board Rental	4,575
Special Events	5,731
<b>TOTAL OPERATING REVENUE</b>	<b>365,172</b>
<b>OPERATING EXPENSES</b>	
Salaries & Wages	145,201
Utilities	54,850
Costs of Sales & Service	68,008
Repairs & Maintenance	17,102
Employee Benefits	32,243
Depreciation & Amortization	17,560
Insurance	13,490
Contract Services	4,842
Advertising & Printing	18,688
Professional Fees	6,082
Office Equipment & Supplies	9,667
Equipment Rentals	3,205
Other Expenses	2,274
Travel and Entertainment	3,681
<b>TOTAL OPERATING EXPENSES</b>	<b>396,893</b>
<b>OPERATING INCOME</b>	<b>(31,721)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Hotel/Motel Tax	67,851
Interest Income	16,980
Capitalized Items	(35,441)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>49,390</b>
<b>Net Income</b>	<b>17,669</b>
<b>Retained Earnings, Beginning of Year</b>	<b>463,153</b>
<b>Retained Earnings, End of Year</b>	<b>\$ 480,822</b>

*See Notes to the Financial Statements*

**HANCOCK COUNTY/CITY OF FINDLAY, OHIO  
JOINT RECREATION DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 17,669
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation & Amortization	17,560
(Increase) Decrease in Assets:	
Accounts Receivable	576
Inventory	(1,564)
Increase (Decrease) in Liabilities:	
Accounts Payable	8,033
Accrued Wages, Benefits, & Related Payroll Taxes	(5,240)
Sales Tax Payable	18
Compensated Absences	(5,116)
<b>Net Cash Provided by Operating Activities</b>	<b>31,936</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Property & Equipment	-
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>-</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>31,936</b>
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	<b>348,792</b>
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$ 380,728</b>

*See Notes to the Financial Statements*

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Hancock County/City of Findlay Joint Recreation District (the District) is a voluntary association between the Hancock County and the City of Findlay to provide for the operation, maintenance, improvement, and expansion of the Hancock Recreation Center and to provide for the recreational needs of the residents of the County and the City. The District is governed by a seven-member Board of Trustees. Three members of the Board of Trustees are appointed by the Mayor of the City and four members are appointed by the County Commissioners.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Reporting Entity**

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no entities were encountered that should be included in the reporting entity.

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other constraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions with each class of funds are as follows:

**Proprietary Fund Type**

**Enterprise Fund** - The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**C. BASIS OF ACCOUNTING**

The financial statements are prepared on the accrual basis of accounting.

The funds used to account for the District's on-going activities, which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Opinions and Interpretations, Accounting Standards Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict GASB pronouncements. Proprietary Fund measurement focus is upon determination of net income, financial position, and cash flows.

**D. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**1. Estimated Resources**

The county auditor calculates the estimated revenues available to the District. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the District. The certificate is approved by the county budget commission and sent to the District by September 1.

Prior to December 31, the District must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the District sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**D. BUDGETARY PROCESS (continued)**

**2. Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

All funds of the District are required to be budgeted and appropriated. The primary level of budgetary control is at the object level. Budgetary modifications may only be made by resolution of the Board of Trustees.

**3. Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of amounts held by the Hancock County Treasurer's Office for the Joint Recreation District in a separate fund entitled, "Hancock County/City of Findlay Joint Recreation District Fund" and deposits in a local bank for the District's credit card sales. Funds in the local bank are transferred to the County on a quarterly basis.

**F. INVENTORIES**

Inventories are valued at cost, using the first-in, first-out method.

**G. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond the fiscal year-ends are recorded as prepaid items.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**H. PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost or, if donated, at fair market value. Property and equipment are insured at current market replacement values. Depreciation is determined on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life (Years)</u>
Leasehold Improvements	40
Machinery and Equipment	10
Office Equipment	6 to 10
Furniture and Fixtures	10
Vehicles	4

**I. COMPENSATED ABSENCES**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at December 31, 2000. The liability includes employees the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees's wage rates at year-end adjusted for future increases, taking into consideration any limits specified in the District's Employee Policy Manual.

Vacation leave is earned at rates, which vary depending upon length of service. With proper approval, the current portion permits an employee to carry over accumulated vacation in excess of one year, but in no case, more than three years. All full-time employees are entitled to 4.6 hours of sick leave with pay for every full pay period worked. Employees working less or more than the required amount for the pay period shall receive a pro-rated share of sick leave. Any employee who has accumulated ten or more years of service may elect upon any voluntary termination of employment or death to be paid for two-thirds of the value of his/her accrued, but unused sick leave credit up to a maximum of one hundred twenty days. Such payment shall be based upon the employee's rate of pay at the time of his/her voluntary termination of employment or death.



**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**J. USE OF ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**K. REVENUE RECOGNITION**

The District recognizes income at points of sale.

**2. CASH AND CASH EQUIVALENTS**

The deposit of District monies is governed by the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits.

Public depositories must give security for all public funds on deposit. Each institution may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110 percent of the total value of public monies on deposit at the institution.

Under provisions of the Ohio Revised Code, the County is responsible for ensuring that all cash held by the County is properly secured.

At December 31, 2000, all funds deposited at the local bank were FDIC insured.

The Hancock County amount represents certificates of deposits pooled within the County's investment portfolio.

Cash and cash equivalents consist of the following:

	<u>2000</u>
Petty Cash	\$ 560
Hancock County Treasurer's Office	372,728
Local Bank	<u>7,440</u>
Total Cash and Cash Equivalents	<u>\$ 380,728</u>

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**3. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at cost less accumulated depreciation at December 31, 2000:

	<u>2000</u>
Leasehold Improvements	\$ 126,329
Machinery and Equipment	178,803
Office Equipment	23,491
Furniture and Fixtures	58,311
Vehicles	<u>2,932</u>
	389,866
Less: Accumulated Depreciation	<u>(271,857)</u>
Net Property and Equipment	<u>\$ 118,009</u>

**4. HOTEL/MOTEL TAX**

The Hancock County Commissioners enacted Resolution 379-91 on December 17, 1991. This ordinance authorized Hancock County (the County) to enter into an agreement with the District to provide funds for its operations. Under the agreement, the County agrees to remit to the District 20 percent of the net proceeds of the actual collection of the hotel/motel tax. The said fund is to be used for the operation, maintenance, improvement, and expansion of the Hancock Recreation Center.

The contract was a three-year agreement, beginning January 1, 1992 and ending December 31, 1994. The contract is renewable for a period of one year thereafter and is currently extended until December 31, 2000. In the event of termination, any and all monies remaining originally received from the County shall be returned to the General Fund of the County.

**5. GENERAL INFORMATION**

	<u>2000</u>
Operating Revenues	365,172
Depreciation Expense	17,450
Amortization	110
Operating Income	(31,721)
Net Income	17,669
Fixed Asset Additions	-
Fixed Asset Deletions	-
Net Working Capital	401,207
Total Assets	541,390
Total Liabilities	60,568

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**6. PENSION AND RETIREMENT PLANS**

The employees of the District are covered by the Public Employees Retirement System of Ohio. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

**Public Employees Retirement System (PERS)**

The Public Employees Retirement System (PERS) of Ohio is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 10.84% of covered payroll which reflects a temporary employer contribution rollback for calendar year 2000. The contribution rates are determined actuarially. The District's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999 and 1998 were \$18,574 \$18,742 and \$12,691; respectively. The full amount has been contributed for 1998 and 1999, and 74.6% has been contributed in 2000.

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Public Employees Retirement System**

The Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local employers was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investments assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above 4.75% base increase, were assumed to range from 0.54% to 5.1%.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS – (continued)**

**Public Employees Retirement System – (continued)**

Benefits are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. \$10,805.5 million represents the actuarial value of the Retirement Systems' net assets available for OPEB at December 31, 1999. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

During 2000, the Retirement Board initiated significant policy changes during 2000. The Retirement enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both state and local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for these reasons.

The District's actual contributions for 2000 that were used to fund post-retirement benefits were \$7,368.

**8. RELATED ORGANIZATION**

The District is associated with HRC, Inc., a not-for-profit corporation organized for the purpose of supporting the District. An endowment fund was established by HRC, Inc. to receive charitable contributions for the support of the District. The District can request contributions, subject to approval by the HRC, Inc. Board of Trustees, from the endowment fund. No contributions from HRC, Inc. were made to the District in 2000.

A bond-sinking fund was established by HRC, Inc. for the purpose of retiring bonds, which were issued by the County for the purchase of the recreation center. In the event the sinking fund does not have sufficient funds to cover retirement of the bonds, the endowment fund is required to cover this shortage. The endowment fund is required at all times to maintain a balance sufficient to cover any shortages in the bond-sinking fund. The District is responsible for any shortages that may occur if the sinking and endowment funds are not sufficient to retire the bonds.

As of December 31, 2000, it was projected that the bond-sinking fund would not be sufficient to cover retirement of the bonds; however, the endowment fund was available for the short fall.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**9. LEASES**

The District leases the Hancock Recreation Center from the County for \$1 per year. The lease is for a term of ten years, set to expire on January 6, 2001, renewable at the will of the County.

Effective April, 1993, the District entered into an agreement with the Silver Blades Figure Skating Club (SBFSC) for the purpose of leasing a plot of land to them at the rate of \$1 per year. The land was utilized by SBFSC to build a pole barn, which is used to store equipment. The lease has no set termination date and can be terminated by either party with a six-month prior notification.

**10. RISK MANAGEMENT**

The District is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2000, the District contracted with one insurance company for coverage of buildings and contents.

The following is a list of insurance coverage of the District and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Property	\$ 1,868,500	\$ 1,000
Electronic Data and Equipment	9,604	100
Inland Marine	22,500	250
<b>General Liability:</b>		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Boiler	1,773,000	1,000
Crime	5,000	
<b>Public Official Errors and Omissions:</b>		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
<b>Automobiles:</b>		
Bodily Injury	1,000,000	100/250

All employees of the District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2000**

**10. RISK MANAGEMENT**

The District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the District did not reduce its insurance coverages significantly during the year.

**11. LETTER OF INTENT WITH LOCAL UNIVERSITY**

On August 3, 1998, the District signed a letter-of-intent with the local university (the University) for the possible construction and operation of an ice rink. The parties signed a letter of intent to summarize the principle terms of a proposal being considered by both parties.

The letter did not constitute and will not give rise to any legally binding obligation on the part of any of the parties. As of December 31, 2000, no agreement had been made between the parties.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Board of Trustees of  
Hancock County/City of Findlay  
Joint Recreation District  
Findlay, Ohio**

We have audited the financial statements of the Hancock County/City of Findlay Joint Recreation District as of and for the year ended December 31, 2000, and have issued our report thereon dated July 11, 2001. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated July 11, 2001.

**Internal Controls Over Financial Reporting**

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

**However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated July 11, 2001.**

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

*Charles E. Harris & Associates, Inc.*  
**July 11, 2001**



**STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the year ended December 31, 1999 did not include material citations or recommendations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**

**HANCOCK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 30, 2001**