

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

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 1999***

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



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

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398

Board of Trustees  
Hancock County/City of Findlay Joint Recreation District

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 & Associates, Inc. for the audit period January 1, 1999 through December 31, 1999. 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

November 2, 2000

**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**  
**Audit Report**  
**For the Year Ended December 31, 1999**

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**HANCOCK COUNTY/CITY OF FINDLAY JOINT RECREATION DISTRICT**  
**Audit Report**  
**For the Year Ended December 31, 1999**

**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	1/1/97 to 12/31/99	(A)	\$10,000
Tim Brugeman	Member	1/1/97 to 12/31/99	(A)	\$10,000
Patrick Hickey	Member	1/1/97 to 12/31/99	(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, 1999**

**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 Jordon	Administrative Assistant	Continuous	(A)	\$10,000

(A) Hylant Administrative Services, Inc.

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

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
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 financial statements of Hancock County/City of Findlay Joint Recreation District (the District), as of and for the year ended December 31, 1999, 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 generally accepted auditing standards 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2000 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.

*Charles E. Harris & Associates, Inc.*  
October 4, 2000

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
BALANCE SHEET  
December 31, 1999**

	<b>1999</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 348,792
Accounts Receivable	1,071
Inventories	41,405
Prepaid Insurance	2,754
Total Current Assets	394,022
<b>Propert and Equipment</b>	137,310
<b>Other Assets</b>	
Computer Software (Net of Accumulated Amortization of \$757 for 1999)	165
Total Other Assets	165
<b>Total Assets</b>	<b>531,497</b>
 <b>LIABILITIES &amp; RETAINED EARNINGS</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 13,510
Accrued Wages, Benefits and Related Payroll Taxes	10,434
Sales Tax Payable	835
Total Current Liabilities	24,779
<b>Long-Term Liabilities</b>	
Compensated Absences	43,565
Total Long-Term Liabilities	43,565
<b>Total Liabilities</b>	68,344
<b>Retained Earnings</b>	463,153
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<b>\$ 531,497</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, 1999**

	<b>1999</b>
<b>OPERATING REVENUE</b>	
Ice Rental	\$ 175,475
Skating Income	56,663
Concessions	47,900
Building & Equipment Rental	17,633
Pro Shop	39,167
Video Center	3,857
Advertising Board Rental	2,900
Special Events	1,019
<b>TOTAL OPERATING REVENUE</b>	<b>344,614</b>
<b>OPERATING EXPENSES</b>	
Salaries & Wages	138,715
Utilities	41,754
Costs of Sales & Service	56,213
Repairs & Maintenance	10,760
Employee Benefits	34,695
Depreciation & Amortization	18,705
Insurance	13,390
Contract Services	676
Advertising & Printing	11,951
Professional Fees	9,144
Office Equipment & Supplies	6,449
Equipment Rentals	4,506
Other Expenses	2,952
<b>TOTAL OPERATING EXPENSES</b>	<b>349,910</b>
<b>OPERATING INCOME</b>	<b>(5,296)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Hotel/Motel Tax	62,540
Interest Income	15,543
Capitalized Items	(52,774)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>25,309</b>
<b>Net Income</b>	<b>20,013</b>
<b>Retained Earnings, Beginning of Year</b>	<b>443,140</b>
<b>Retained Earnings, End of Year</b>	<b>\$ 463,153</b>

*See Notes to the Financial Statements*



**HANCOCK COUNTY/CITY OF FINDLAY, OHIO  
JOINT RECREATION DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>1999</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 20,013
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation & Amortization	18,705
(Increase) Decrease in Assets:	
Accounts Receivable	(276)
Inventory	(1,564)
Increase (Decrease) in Liabilities:	
Accounts Payable	375
Accrued Wages, Benefits, & Related Payroll Taxes	(5,240)
Sales Tax Payable	76
Compensated Absences	5,116
<b>Net Cash Provided by Operating Activities</b>	<b>37,205</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Property & Equipment	(15,308)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>(15,308)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>21,897</b>
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	<b>326,895</b>
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$ 348,792</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, 1999**

**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.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 1999**

**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, 1999**

**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.

**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, 1999**

**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, 1999. 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, 1999**

**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, 1999, 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>1999</u>
Petty Cash	\$ 560
Hancock County Treasurer's Office	341,808
Local Bank	<u>6,424</u>
<b>Total Cash and Cash Equivalents</b>	<b>\$ <u>348,792</u></b>

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 1999**

**3. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at cost less accumulated depreciation at December 31, 1999:

	<u>1999</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>(252,556)</u>
Net Property and Equipment	<u>\$ 137,310</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, 1999. 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>1999</u>
Operating Revenues	344,614
Depreciation Expense	18,595
Amortization	110
Operating Income	(5,296)
Net Income	20,013
Fixed Asset Additions	15,308
Fixed Asset Deletions	9,114
Net Working Capital	369,176
Total Assets	531,497
Total Liabilities	68,411

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 1999**

**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 13.55% of covered payroll. The District's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998 and 1997 were \$18,742 \$12,691 and \$18,754; respectively. The full amount has been contributed for 1997 and 1998, and 74.6% has been contributed in 1999.

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

**Public Employees Retirement System**

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 1999 employer contribution rate, (the latest information available), for local employers was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. 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. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The District's actual contributions for 1999 that were used to fund OPEB were \$5,809.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.



**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 1999**

**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 1999.

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, 1999, 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.

**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.

**HANCOCK COUNTY/CITY OF FINDLAY  
 JOINT RECREATION DISTRICT  
 Notes to the Financial Statements  
 For the Year Ended December 31, 1999**

**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 1999, 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.

The Village 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.

**HANCOCK COUNTY/CITY OF FINDLAY  
JOINT RECREATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 1999**

**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, 1999, no agreement had been made between the parties.

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

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

**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, 1999, and have issued our report thereon dated October 4, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 October 4, 2000.

**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 October 4, 2000.**

**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.*  
**October 4, 2000**

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

**The prior audit report, for the years ended December 31, 1997 and 1998 did not include material citations or recommendations.**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
NOVEMBER 16, 2000**