



Dave Yost • Auditor of State

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe County Park District
Monroe County
105 W. Court Street
Woodsfield, Ohio 43793

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Monroe County Park District, Monroe County, Ohio (the Park District), as of and for the years ended December 31, 2015, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Park District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Park District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Park District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Park District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Park District as of December 31, 2015, 2014 and 2013 or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Monroe County Park District, Monroe County, Ohio as of December 31, 2015, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2013, the Park District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2016, on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 11, 2016

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$129,883	\$0	\$129,883
Charges for Services	10,117	0	10,117
Intergovernmental	24,848	642,879	667,727
Earnings on Investments	1,056	0	1,056
Sales	4,519	0	4,519
Leases	18,938	1,996	20,934
Miscellaneous	893	0	893
<i>Total Cash Receipts</i>	<u>190,254</u>	<u>644,875</u>	<u>835,129</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries and Fringe Benefits	111,474	0	111,474
Supplies	18,049	0	18,049
Equipment	21	27,339	27,360
Contracts	61,068	500,602	561,670
Travel	1,000	0	1,000
Advertising	354	0	354
Other	11,248	0	11,248
Capital Outlay	6,546	0	6,546
Debt Service:			
Principal Retirement	0	642,879	642,879
Interest and Fiscal Charges	3,902	0	3,902
<i>Total Cash Disbursements</i>	<u>213,662</u>	<u>1,170,820</u>	<u>1,384,482</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,408)</u>	<u>(525,945)</u>	<u>(549,353)</u>
Other Financing Receipts (Disbursements)			
Proceeds of Debt	0	422,021	422,021
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>422,021</u>	<u>422,021</u>
<i>Net Change in Fund Cash Balances</i>	(23,408)	(103,924)	(127,332)
<i>Fund Cash Balances, January 1</i>	<u>81,763</u>	<u>446,599</u>	<u>528,362</u>
Fund Cash Balances, December 31			
Restricted	0	342,675	342,675
Assigned	18,661	0	18,661
Unassigned (Deficit)	39,694	0	39,694
<i>Fund Cash Balances, December 31</i>	<u>\$58,355</u>	<u>\$342,675</u>	<u>\$401,030</u>

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

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$122,631	\$0	\$0	\$122,631
Charges for Services	13,021	0	0	13,021
Donations	15,000	0	0	15,000
Intergovernmental	26,513	24,921	0	51,434
Earnings on Investments	16	0	0	16
Sales	3,581	0	0	3,581
Leases	15,202	431,499	0	446,701
Miscellaneous	907	0	0	907
<i>Total Cash Receipts</i>	<u>196,871</u>	<u>456,420</u>	<u>0</u>	<u>653,291</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries and Fringe Benefits	105,953	0	0	105,953
Supplies	25,131	0	0	25,131
Equipment	1,000	0	0	1,000
Contracts	43,571	469,124	0	512,695
Travel	906	0	0	906
Advertising	212	0	0	212
Other	20,157	0	0	20,157
Debt Service:				
Principal Retirement	0	54,316	0	54,316
Interest and Fiscal Charges	1,434	0	0	1,434
<i>Total Cash Disbursements</i>	<u>198,364</u>	<u>523,440</u>	<u>0</u>	<u>721,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,493)</u>	<u>(67,020)</u>	<u>0</u>	<u>(68,513)</u>
Other Financing Receipts (Disbursements)				
Proceeds of Debt	0	473,635	0	473,635
Transfers In	963	0	0	963
Transfers Out	0	0	(963)	(963)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>963</u>	<u>473,635</u>	<u>(963)</u>	<u>473,635</u>
<i>Net Change in Fund Cash Balances</i>	<u>(530)</u>	<u>406,615</u>	<u>(963)</u>	<u>405,122</u>
<i>Fund Cash Balances, January 1</i>	<u>82,293</u>	<u>39,984</u>	<u>963</u>	<u>123,240</u>
Fund Cash Balances, December 31				
Restricted	0	446,599	0	446,599
Assigned	53,498	0	0	53,498
Unassigned (Deficit)	28,265	0	0	28,265
<i>Fund Cash Balances, December 31</i>	<u>\$81,763</u>	<u>\$446,599</u>	<u>\$0</u>	<u>\$528,362</u>

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

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$116,954	\$0	\$0	\$116,954
Charges for Services	11,121	0	0	11,121
Intergovernmental	25,541	59,104	0	84,645
Earnings on Investments	23	0	0	23
Sales	3,832	0	0	3,832
Leases	17,174	3,100	0	20,274
Miscellaneous	455	0	0	455
<i>Total Cash Receipts</i>	<u>175,100</u>	<u>62,204</u>	<u>0</u>	<u>237,304</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries and Fringe Benefits	106,112	0	0	106,112
Supplies	16,486	0	0	16,486
Equipment	1,000	0	0	1,000
Contracts	28,050	66,409	0	94,459
Travel	1,444	0	0	1,444
Advertising	394	0	0	394
Other	12,132	0	0	12,132
Debt Service:				
Principal Retirement	0	29,709	0	29,709
Interest and Fiscal Charges	1,614	0	0	1,614
<i>Total Cash Disbursements</i>	<u>167,232</u>	<u>96,118</u>	<u>0</u>	<u>263,350</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,868</u>	<u>(33,914)</u>	<u>0</u>	<u>(26,046)</u>
Other Financing Receipts (Disbursements)				
Proceeds of Debt	0	73,898	0	73,898
Transfers In	2,518	0	0	2,518
Transfers Out	0	0	(2,518)	(2,518)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,518</u>	<u>73,898</u>	<u>(2,518)</u>	<u>73,898</u>
<i>Net Change in Fund Cash Balances</i>	10,386	39,984	(2,518)	47,852
<i>Fund Cash Balances, January 1</i>	<u>71,907</u>	<u>0</u>	<u>3,481</u>	<u>75,388</u>
Fund Cash Balances, December 31				
Restricted	0	39,984	963	40,947
Assigned	39,800	0	0	39,800
Unassigned (Deficit)	42,493	0	0	42,493
<i>Fund Cash Balances, December 31</i>	<u>\$82,293</u>	<u>\$39,984</u>	<u>\$963</u>	<u>\$123,240</u>

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

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**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013**

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 Monroe County Park District, Monroe County (the Park District), as a body corporate and politic. The probate judge of Monroe County appoints a three-member Board of Commissioners to govern the Park 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 Park District's management believes these financial statements present all activities for which the Park District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposit and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Coop. Boating Facility Grant Fund – This fund receives grant proceeds to fund a boating access improvement project.

Special Lease Fund – This fund receives royalties and bonuses from the sale or lease of mineral rights within the Park District for the maintenance of parks or acquisition of new park lands.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:

Park Bond Retirement – This fund transferred its unexpended fund balance to the General Fund.

Park Debt Service Fund – This fund transferred its unexpended fund balance to the General Fund.

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 Park District Board must annually approve appropriation measures and subsequent amendments.

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 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2015, 2014 and 2013 budgetary activity appears in Note 2.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into three classifications based primarily on the extent to which the Park District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

2. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Park District Commissioners or a Park District official delegated that authority by resolution, or by State Statute.

3. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Park District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H 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, 2015, 2014 and 2013 follows:

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$196,886	\$190,254	(\$6,632)
Special Revenue	1,740,000	1,066,896	(673,104)
Total	<u>\$1,936,886</u>	<u>\$1,257,150</u>	<u>(\$679,736)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$247,745	\$214,862	\$32,883
Special Revenue	1,298,424	1,170,820	127,604
Total	<u>\$1,546,169</u>	<u>\$1,385,682</u>	<u>\$160,487</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,396	\$197,834	\$4,438
Special Revenue	2,170,507	930,055	(1,240,452)
Total	<u>\$2,363,903</u>	<u>\$1,127,889</u>	<u>(\$1,236,014)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$233,196	\$201,003	\$32,193
Special Revenue	1,740,000	596,928	1,143,072
Debt Service	963	963	0
Total	<u>\$1,974,159</u>	<u>\$798,894</u>	<u>\$1,175,265</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,000	\$177,618	\$5,618
Special Revenue	0	136,102	136,102
Total	<u>\$172,000</u>	<u>\$313,720</u>	<u>\$141,720</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$192,047	\$167,232	\$24,815
Special Revenue	103,608	101,538	2,070
Debt Service	2,518	2,518	0
Total	<u>\$298,173</u>	<u>\$271,288</u>	<u>\$26,885</u>

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(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.

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

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

4. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Wesbanco Line of Credit	\$ 201,651	3.5%
Wesbanco Promissory Note	41,000	3.75%
	<u>\$ 242,651</u>	

The Park District entered into a line of credit with Wesbanco to make construction payments for the new boating facility. The Park District draws from the line of credit to make payment to contractors then the loan is repaid when grant reimbursement is received. The grant was increased \$41,000 so an additional Promissory Note was obtained from Wesbanco. The outstanding balance of both loans at December 31, 2015 was repaid in 2016.

5. RETIREMENT SYSTEM

The Park 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 2015, 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Park District contributed an amount equaling 14% of participants' gross salaries. The Park District has paid all contributions required through December 31, 2015.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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Dave Yost • Auditor of State

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

Monroe County Park District
Monroe County
105 W. Court Street
Woodsfield, Ohio 43793

To the Board of Park Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Monroe County Park District, Monroe County, Ohio (the Park District), as of and for the years ended December 31, 2015, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2016 wherein we noted the Park District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the Park District adopted new accounting guidance in Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Park District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Park District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Park District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2015-004 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Park District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-001 through 2015-003.

Entity's Responses to Findings

The Park District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Park District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Park District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 11, 2016

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance

Ohio Rev. Code § 1545.23 states if a park district enters into an agreement for the sale or lease of mineral rights regarding a park within the district, the royalties or moneys from that sale or lease must be deposited into a special fund created by the board of park commissioners to be used exclusively for the maintenance of parks within the District or for acquisition of new park lands.

The Park District received oil and gas lease royalties and bonuses totaling \$3,100 in 2013, \$431,499 in 2014 and \$1,996 in 2015. The Park District posted these receipts to the Park District's General Fund instead of to a special revenue fund exclusively created for park improvements. In addition, disbursements totaling \$93,920 made from the royalties and bonuses were incorrectly paid from the General Fund in 2015.

The adjustments noted above have been agreed to by the Park District's management and have been posted to the Park District's records and are reflected in the accompanying financial statements. On June 7, 2016, the Park District Board approved the Park District O&G Lease/Royalty - Special Revenue Fund to record the gas and oil lease receipts and related expenditures.

The Park District should post any revenue received from gas and oil leases and related expenditures to the Park District O&G Lease/Royalty - Special Revenue Fund in accordance with Ohio Rev. Code § 1545.23.

Officials' Response: On June 7, 2016, the Park District Board approved the Park District O&G Lease/Royalty - Special Revenue Fund to record the gas and oil lease receipts and related expenditures. The Park District will post any revenue received from gas and oil leases and related expenditures to the Park District O&G Lease/Royalty - Special Revenue Fund in accordance with Ohio Rev. Code § 1545.23.

FINDING NUMBER 2015-002

Noncompliance

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources in the Coop. Boating Facility Grant Fund by \$103,608 in 2013. This was due to not estimating any revenue in 2013. Actual expenditures did not exceed actual receipts so there was no overspending, but appropriating in excess of estimated resources could result in overspending.

The Park District should budget the revenue when appropriating funds for a project.

Officials' Response: The Park District will budget the revenue when appropriating funds for a project.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003

Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

At December 31, 2013 the Park District had \$5,420 in unrecorded encumbrances. At December 31, 2014 the Park District had \$73,488 in unrecorded encumbrances. Note 2 to the Financial Statements has been adjusted to reflect these encumbrances in the budgetary basis expenditure amounts.

Unless the Park District uses the exceptions noted above, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Park District's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are, or will be, available prior to obligation by the Park District. When prior certification is not possible, "then and now" certification should be used.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(D) (Continued)

The Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that indicate the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Park District incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied.

Officials' Response: The Fiscal Officer will certify the availability of funds prior to the commitment being incurred.

FINDING NUMBER 2015-004

Material Weakness

Sound financial reporting is the responsibility of the Director and Park District Board of Park Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following errors were noted in the financial statements that required audit adjustments or reclassifications:

In 2013:

- Interest and fiscal charges of \$1,614 were incorrectly posted as other expenses of \$1,395 and contract services of \$219 in the General Fund.
- Assigned fund balance of \$39,800 was incorrectly posted as unassigned in the General Fund, restricted fund balance of \$36,884 was incorrectly posted as unassigned in the Special Revenue Fund, and restricted fund balance of \$963 was incorrectly posted as unassigned in the Debt Service Fund.
- A lease receipt of \$3,100 was incorrectly posted in the General Fund instead of the Lease Fund.

In 2014:

- Interest and fiscal charges of \$1,434 were incorrectly posted as other expenses of \$1,355 and contract services of \$79 in the General Fund.
- Assigned fund balance of \$53,498 was incorrectly posted as unassigned in the General Fund and restricted fund balance of \$12,000 was incorrectly posted as unassigned in the Special Revenue Fund.
- A donation of \$15,000 was incorrectly posted as a lease receipt in the General Fund.
- Lease receipts totaling \$431,499 were incorrectly posted in the General Fund instead of the Lease Fund.

In 2015:

- Interest and fiscal charges of \$1,488 were incorrectly posted as contract services in the General Fund.
- Assigned fund balance of \$18,661 was incorrectly posted as unassigned in the General Fund.
- Lease receipts totaling \$1,996 were incorrectly posted in the General Fund instead of the Lease Fund.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004 (Continued)

Material Weakness (Continued)

- Payments made from lease receipts were incorrectly posted in the General Fund instead of the Lease Fund totaling \$979 for equipment, \$66,581 for contract services, and \$26,360 for a truck purchase.

The audited financial statements and the Park District's accounting system have been adjusted for the issues noted above.

The Director should review the posting of receipts and expenditures for proper posting and should also review Auditor of State Bulletin 2011-004 for proper reporting of fund balances to ensure the financial statements are complete and accurate.

Officials' Response: This was covered under Finding Number 2015-001.



Dave Yost • Auditor of State

MONROE COUNTY PARK DISTRICT

MONROE 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 25, 2016**