



Dave Yost • Auditor of State



**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Stark County Park District  
Stark County  
5300 Tyner Street NW  
Canton, Ohio 44708

To the Board of Park Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Stark County Park District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012.

### ***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 Section 117.38 and Ohio Administrative Code Section 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 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 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 opinion.

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 District as of December 31, 2013 and 2012, 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 Stark County Park District, Stark County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 12, 2014

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**STARK COUNTY PARK DISTRICT  
STARK 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<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|--------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                    |                    |                     |                                |
| Property Taxes  | \$5,489,693        |                    |                     | \$5,489,693                    |
| Charges for Services                                  | 286,054            |                    |                     | 286,054                        |
| Fines and Forfeitures                                 | 188                |                    |                     | 188                            |
| Intergovernmental                                     | 1,298,258          | \$56,089           | \$926,934           | 2,281,281                      |
| Earnings on Investments                               | 611                |                    | 76                  | 687                            |
| Miscellaneous   | 68,318             | 80                 | 196                 | 68,594                         |
| <i>Total Cash Receipts</i>                            | <u>7,143,122</u>   | <u>56,169</u>      | <u>927,206</u>      | <u>8,126,497</u>               |
| <b>Cash Disbursements</b>                             |                    |                    |                     |                                |
| Current:  |                    |                    |                     |                                |
| Personal Services - Salaries and Wages                | 2,163,602          |                    |                     | 2,163,602                      |
| Personal Services - Employee Benefits                 | 821,018            |                    |                     | 821,018                        |
| Supplies and Materials                                | 587,257            | 1,035              |                     | 588,292                        |
| Purchased Services                                    | 783,902            | 712                | 7,500               | 792,114                        |
| Other   | 105,441            |                    |                     | 105,441                        |
| Capital Outlay  | 977,088            | 1,205,673          | 861,767             | 3,044,528                      |
| Debt Service:   |                    |                    |                     |                                |
| Principal Retirement                                  |                    |                    | 2,600,000           | 2,600,000                      |
| Interest and Fiscal Charges                           |                    |                    | 36,798              | 36,798                         |
| <i>Total Cash Disbursements</i>                       | <u>5,438,308</u>   | <u>1,207,420</u>   | <u>3,506,065</u>    | <u>10,151,793</u>              |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>1,704,814</u>   | <u>(1,151,251)</u> | <u>(2,578,859)</u>  | <u>(2,025,296)</u>             |
| <b>Other Financing Receipts (Disbursements)</b>       |                    |                    |                     |                                |
| Proceeds of Debt                                      |                    |                    | 1,700,000           | 1,700,000                      |
| Transfers In  |                    |                    | 944,402             | 944,402                        |
| Transfers Out   | (944,402)          |                    |                     | (944,402)                      |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(944,402)</u>   | <u>0</u>           | <u>2,644,402</u>    | <u>1,700,000</u>               |
| <i>Net Change in Fund Cash Balances</i>               | 760,412            | (1,151,251)        | 65,543              | (325,296)                      |
| <i>Fund Cash Balances, January 1</i>                  | <u>643,296</u>     | <u>1,151,251</u>   | <u>18,557</u>       | <u>1,813,104</u>               |
| <b>Fund Cash Balances, December 31</b>                |                    |                    |                     |                                |
| Restricted  |                    |                    | 84,100              | 84,100                         |
| Assigned  | 485,470            |                    |                     | 485,470                        |
| Unassigned (Deficit)                                  | 918,238            |                    |                     | 918,238                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$1,403,708</u> | <u>\$0</u>         | <u>\$84,100</u>     | <u>\$1,487,808</u>             |

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

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property Taxes  | \$3,108,274      |                    |                     | \$3,108,274                    |
| Charges for Services                                  | 320,192          |                    |                     | 320,192                        |
| Fines and Forfeitures                                 | 37               |                    |                     | 37                             |
| Intergovernmental                                     | 1,463,596        | \$1,157,100        | \$954,703           | 3,575,399                      |
| Earnings on Investments                               | 533              |                    | 23                  | 556                            |
| Miscellaneous   | 59,134           |                    |                     | 59,134                         |
|   | <u>4,951,766</u> | <u>1,157,100</u>   | <u>954,726</u>      | <u>7,063,592</u>               |
| <i>Total Cash Receipts</i>                            |                  |                    |                     |                                |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Personal Services - Salaries and Wages                | 2,020,079        |                    |                     | 2,020,079                      |
| Personal Services - Employee Benefits                 | 775,012          |                    |                     | 775,012                        |
| Supplies and Materials                                | 597,276          |                    |                     | 597,276                        |
| Purchased Services                                    | 517,588          |                    | 7,500               | 525,088                        |
| Other   | 64,666           |                    |                     | 64,666                         |
| Capital Outlay  | 456,238          | 5,849              | 1,535,840           | 1,997,927                      |
| Debt Service:   |                  |                    |                     |                                |
| Principal Retirement                                  |                  |                    | 2,100,000           | 2,100,000                      |
| Interest and Fiscal Charges                           |                  |                    | 36,750              | 36,750                         |
|   | <u>4,430,859</u> | <u>5,849</u>       | <u>3,680,090</u>    | <u>8,116,798</u>               |
| <i>Total Cash Disbursements</i>                       |                  |                    |                     |                                |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>520,907</u>   | <u>1,151,251</u>   | <u>(2,725,364)</u>  | <u>(1,053,206)</u>             |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Sale of Capital Assets                                | 19,001           |                    |                     | 19,001                         |
| Proceeds of Debt                                      |                  |                    | 2,600,000           | 2,600,000                      |
| Transfers In  |                  |                    | 101,028             | 101,028                        |
| Transfers Out   | (101,028)        |                    |                     | (101,028)                      |
|   | <u>(82,027)</u>  | <u>0</u>           | <u>2,701,028</u>    | <u>2,619,001</u>               |
| <i>Total Other Financing Receipts (Disbursements)</i> |                  |                    |                     |                                |
| <i>Net Change in Fund Cash Balances</i>               | 438,880          | 1,151,251          | (24,336)            | 1,565,795                      |
| <i>Fund Cash Balances, January 1</i>                  | <u>204,416</u>   | <u>0</u>           | <u>42,893</u>       | <u>247,309</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted  |                  | 1,151,251          | 18,557              | 1,169,808                      |
| Assigned  | 143,232          |                    |                     | 143,232                        |
| Unassigned (Deficit)                                  | 500,064          |                    |                     | 500,064                        |
|   | <u>\$643,296</u> | <u>\$1,151,251</u> | <u>\$18,557</u>     | <u>\$1,813,104</u>             |
| <i>Fund Cash Balances, December 31</i>                |                  |                    |                     |                                |

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

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 Stark County Park District, Stark County, (the District) as a body corporate and politic. The probate judge of Stark County appoints a five-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

**B. Accounting Basis**

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

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

**C. Deposit and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**D. Fund Accounting (continued)**

**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 Fund:

Federal Hazard Mitigation Grant Program – This fund is used for acquisition of properties in the flood plain that have repeatedly flooded, demolished and associated structures, and return the properties to their natural habitat.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund received state and federal grants, donations, and note proceeds. The District used the proceeds for the construction of the Exploration Gateway (the Gateway), and to pay the note issuances related to the Gateway. This fund also accounted for the activity of the Fry Farm Acquisition, Stark Parks Bike Path project, and the Ohio Department of Transportation (ODOT) Aquaduct and Tremont Bridge projects.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments.

**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.

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**E. Budgetary Process (continued)**

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 2.

**F. Fund Balance**

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

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. 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.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. 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 District Commissioners or a District official delegated that authority by resolution, or by State Statute.

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**F. Fund Balance (continued)**

**5. 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 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 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, 2013 and 2012 follows:

| 2013 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$6,964,491          | \$7,143,122        | \$178,631 |
| Special Revenue                   | 56,169               | 56,169             | 0         |
| Capital Projects                  | 3,696,376            | 3,571,608          | (124,768) |
| Total                             | \$10,717,036         | \$10,770,899       | \$53,863  |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$7,607,787                | \$6,868,180               | \$739,607 |
| Special Revenue                                       | 1,207,420                  | 1,207,420                 | 0         |
| Capital Projects                                      | 3,714,932                  | 3,520,968                 | 193,964   |
| Total   | \$12,530,139               | \$11,596,568              | \$933,571 |

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. BUDGETARY ACTIVITY (continued)**

| 2012 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$4,979,848          | \$4,970,767        | (\$9,081)   |
| Special Revenue                   | 1,654,474            | 1,157,100          | (497,374)   |
| Capital Projects                  | 3,755,728            | 3,655,754          | (99,974)    |
| Total                             | \$10,390,050         | \$9,783,621        | (\$606,429) |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$5,184,263                | \$4,675,119               | \$509,144   |
| Special Revenue                                       | 1,654,474                  | 1,157,100                 | 497,374     |
| Capital Projects                                      | 3,784,334                  | 3,680,090                 | 104,244     |
| Total   | \$10,623,071               | \$9,512,309               | \$1,110,762 |

**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, 2013 was as follows:

|                                | Principal   | Interest Rate |
|--------------------------------|-------------|---------------|
| Park District Improvement Note | \$1,700,000 | 0.94%         |
| Total                          | \$1,700,000 |               |

The District issued a Park Improvement Note on April 25, 2013 in the amount of \$1,700,000 at an interest rate of 0.94% for a term of one year for the purpose of retiring \$2,600,000 note issued in April of 2012. The remaining \$900,000 to retire the note was paid by the District with unallocated funds.

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. DEBT (continued)**

The interest and principal payment is due in total in one year to JPMorgan Chase Bank. The District's taxing authority collateralized the note.

The above note including interest of approximately \$15,980 is scheduled for payment in 2014.

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members, except those in public safety, contributed 10% of their gross salaries each year. Members in public safety contributed 12% and 11.5% of their gross salaries respectively. The District contributed an amount equaling 14% of participants' gross salaries each year, except for those in public safety. For members in public safety, the District contributed 18.10% of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**6. RISK MANAGEMENT**

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. RISK MANAGEMENT (continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

|              | <u>2012</u>         | <u>2013</u>         |
|--------------|---------------------|---------------------|
| Assets       | \$34,389,569        | \$34,411,883        |
| Liabilities  | <u>(14,208,353)</u> | <u>(12,760,194)</u> |
| Net Position | <u>\$20,181,216</u> | <u>\$21,651,689</u> |

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the District's share of these unpaid claims collectible in future years is approximately \$37,000.

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

**Contributions to PEP**

| <u>2012</u> | <u>2013</u> |
|-------------|-------------|
| \$48,534    | \$52,838    |

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. SUBSEQUENT EVENTS**

On April 24, 2014, the District issued a \$800,000 Park District Improvement Note to retire the 2013 Park District Improvement Note. The Note matures on April 24, 2015 and has an interest rate of 0.75 percent.

**STARK COUNTY PARK DISTRICT  
STARK COUNTY, OHIO**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>Federal Grantor/Pass Through Grantor<br/>Program Title</u> | <u>Pass-Through<br/>Entity No.</u> | <u>Federal<br/>CFDA No.</u> | <u>Expenditures</u>        |
|---|------------------------------------|-----------------------------|----------------------------|
| <b><u>U.S. Department of Homeland Security</u></b>            |                                    |                             |                            |
| <i>Passed Through Ohio Emergency Management Agency</i>        |                                    |                             |                            |
| Repetitive Flood Claim Program                                | Not available                      | 97.092                      | \$ 1,207,340               |
| <b><u>U.S. Department of Transportation</u></b>               |                                    |                             |                            |
| <i>Passed Through Ohio Department of Transportation</i>       |                                    |                             |                            |
| Federal Highway Planning & Construction Grant                 |                                    |                             |                            |
| - Aqueduct Project  | 23262                              | 20.205                      | \$ 808,002                 |
| - Tremont Bridge Project                                      | 79514                              | 20.205                      | 31,638                     |
| <i>Total U.S. Department of Transportation</i>                |                                    |                             | <u>\$ 839,640</u>          |
| <b><u>U.S. Department of Interior</u></b>                     |                                    |                             |                            |
| <i>Direct</i>   |                                    |                             |                            |
| Ohio and Erie Canalway Association                            | Not applicable                     | 15.XXX                      | <u>\$ 19,537</u>           |
| <b>TOTAL FEDERAL AWARDS EXPENDITURES</b>                      |                                    |                             | <u><u>\$ 2,066,517</u></u> |

*The accompanying notes to this schedule are an integral part of this schedule*

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports Stark County Park District's (the District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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

Stark County Park District  
Stark County  
5300 Tyner Street NW  
Canton, Ohio 44708

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 Stark County Park District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2014.

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

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 12, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Stark County Park District  
Stark County  
5300 Tyner Street NW  
Canton, Ohio 44708

To the Board of Park Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Stark County Park District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Stark County Park District's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Stark County Park District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 12, 2014

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |  |   |
|---------------------|--|---|
| <i>(d)(1)(i)</i>    | Type of Financial Statement Opinion  | Unmodified  |
| <i>(d)(1)(ii)</i>   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                  | No  |
| <i>(d)(1)(ii)</i>   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No  |
| <i>(d)(1)(iii)</i>  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No  |
| <i>(d)(1)(iv)</i>   | Were there any material internal control weaknesses reported for major federal programs?                       | No  |
| <i>(d)(1)(iv)</i>   | Were there any significant deficiencies in internal control reported for major federal programs?               | No  |
| <i>(d)(1)(v)</i>    | Type of Major Programs' Compliance Opinion   | Unmodified  |
| <i>(d)(1)(vi)</i>   | Are there any reportable findings under § .510(a)?   | No  |
| <i>(d)(1)(vii)</i>  | Major Programs (list):   | Repetitive Flood Claims – CFDA #97.092 and Highway Planning and Construction – CFDA #20.205 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs  | Type A: > \$ 300,000<br>Type B: all others  |
| <i>(d)(1)(ix)</i>   | Low Risk Auditee?  | No  |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**STARK COUNTY PARK DISTRICT  
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|---|------------------|--|
| 2011-01        | Ohio Rev. Code 5705.42, the District did not properly record on-behalf receipts and expenditures. | Yes              | Finding No Longer Valid  |



# Dave Yost • Auditor of State

**STARK COUNTY PARK DISTRICT**

**STARK 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  
SEPTEMBER 30, 2014**