



Dave Yost • Auditor of State



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of 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 Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2015 and 2014.

### ***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 opinions.

***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 (GAAP), to satisfy these requirements.

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 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 Section 117.38 and Ohio Administrative Code Section 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 District as of December 31, 2015 and 2014, 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 Medina County Park District, Medina County, Ohio, as of December 31, 2015 and 2014, 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016, 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.



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

April 20, 2016

**MEDINA COUNTY PARK DISTRICT  
MEDINA 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$2,718,979		\$2,718,979
Fines, Licenses and Permits	188,897		188,897
Intergovernmental	1,363,752	\$576,980	1,940,732
Earnings on Investments	18,065	5,792	23,857
Gifts and Donations	18,386	3,120	21,506
Reimbursements	5,730	4,050	9,780
Other Receipts	80,809	12,165	92,974
<i>Total Cash Receipts</i>	<i>4,394,618</i>	<i>602,107</i>	<i>4,996,725</i>
<b>Cash Disbursements</b>			
Current:			
Conservation/Recreation:			
Personal Services	1,623,716		1,623,716
Supplies and Materials	76,493	71,277	147,770
Contract Services and Repairs	200,019	1,142,889	1,342,908
Equipment	132,987	15,021	148,008
Advertising and Printing	41,075		41,075
Travel and Expenses	38,934		38,934
Other	151,598	3,569	155,167
Capital Outlay	1,085,585		1,085,585
Debt Service:			
Principal Retirement	703,440	175,859	879,299
Interest and Fiscal Charges	10,958	2,740	13,698
<i>Total Cash Disbursements</i>	<i>4,064,805</i>	<i>1,411,355</i>	<i>5,476,160</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>329,813</i>	<i>(809,248)</i>	<i>(479,435)</i>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		520,000	520,000
Transfers Out	(520,000)		(520,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(520,000)</i>	<i>520,000</i>	<i>-</i>
<i>Net Change in Fund Cash Balances</i>	<i>(190,187)</i>	<i>(289,248)</i>	<i>(479,435)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,405,648</i>	<i>674,190</i>	<i>3,079,838</i>
<b>Fund Cash Balances, December 31</b>			
Restricted		384,942	384,942
Assigned	35,254		35,254
Unassigned	2,180,207		2,180,207
<i>Fund Cash Balances, December 31</i>	<i>\$2,215,461</i>	<i>\$384,942</i>	<i>\$2,600,403</i>

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$2,748,758		\$2,748,758
Fines, Licenses and Permits	154,709		154,709
Intergovernmental	1,483,373	\$499,780	1,983,153
Earnings on Investments	11,683	\$4,306	15,989
Gifts and Donations	13,260	59,188	72,448
Reimbursements	10,201	1,234	11,435
Other Receipts	73,561	10,204	83,765
	<u>4,495,545</u>	<u>574,712</u>	<u>5,070,257</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements</b>			
Current:			
Conservation/Recreation:			
Personal Services	1,547,623		1,547,623
Supplies and Materials	76,165	79,005	155,170
Contract Services and Repairs	203,391	1,256,861	1,460,252
Equipment	109,709	4,778	114,487
Advertising and Printing	37,527	799	38,326
Other	225,537	2,198	227,735
Capital Outlay	920,681		920,681
Debt Service:			
Principal Retirement	688,550	172,138	860,688
Interest and Fiscal Charges	28,294	7,073	35,367
	<u>3,837,477</u>	<u>1,522,852</u>	<u>5,360,329</u>
<b>Total Cash Disbursements</b>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>658,068</u>	<u>(948,140)</u>	<u>(290,072)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		645,000	645,000
Transfers Out	(645,000)		(645,000)
	<u>(645,000)</u>	<u>645,000</u>	<u>-</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
<i>Net Change in Fund Cash Balances</i>	13,068	(303,140)	(290,072)
<i>Fund Cash Balances, January 1</i>	<u>2,392,580</u>	<u>977,330</u>	<u>3,369,910</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		674,190	674,190
Assigned	27,510		27,510
Unassigned	2,378,138		2,378,138
	<u>2,405,648</u>	<u>\$674,190</u>	<u>\$3,079,838</u>
<b>Fund Cash Balances, December 31</b>			

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

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

The District is a member of the North Coast Regional Council of Park District (the Council). Note 7 to the financial statements provides additional information for the entity.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposit and Investments**

As the Ohio Revised Code permits, the Medina 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.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

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

**D. Fund Accounting (continued)**

**2. 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 funds:

Major Park Development Fund – This fund accounts for the financial resources that are used for the capital development of the park facilities.

Grants – This fund accounts for payments made by other entities, typically governmental, directly to third party vendors or contractors on behalf of the District and the District has no direct financial involvement in the transaction. Disbursements are recorded equal to the payments made on behalf of the District and receipts are also recorded for an equal amount.

**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 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.

**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 2015 and 2014 budgetary activity appears in Note 2.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

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

**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.

**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.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

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

**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 ended December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,605,450	\$4,394,618	(\$210,832)
Capital Projects	1,030,444	1,122,107	91,663
Total	<u>\$5,635,894</u>	<u>\$5,516,725</u>	<u>(\$119,169)</u>

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,358,553	\$4,620,059	\$1,738,494
Capital Projects	1,833,372	1,434,776	398,596
Total	<u>\$8,191,925</u>	<u>\$6,054,835</u>	<u>\$2,137,090</u>

**2014 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,062,100	\$4,495,545	\$433,445
Capital Projects	1,134,373	1,219,712	85,339
Total	<u>\$5,196,473</u>	<u>\$5,715,257</u>	<u>\$518,784</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,839,755	\$4,509,987	\$1,329,768
Capital Projects	2,143,498	1,583,481	560,017
Total	<u>\$7,983,253</u>	<u>\$6,093,468</u>	<u>\$1,889,785</u>

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

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

**5. RISK MANAGEMENT**

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

The District insures against injuries to employees through the insurance policy of Medina County, the fiscal agent.

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, 2014, 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.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

**5. 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, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$39,000.

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>2013</u>	<u>2014</u>
	\$62,772	\$58,728

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.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

**7. JOINTLY GOVERNED ORGANIZATION**

The District is a member of the North Coast Regional Council of Park Districts (the Council). The Council is a jointly governed organization comprised of four metropolitan park districts, and was formed for the purpose of promoting wetland and stream restoration projects. Each member provided the Council with an initial administrative fee and will pay continual fees to the Council equal to 1% of the wetland mitigation fees they collect.

The Council is under the direction of a Board comprised of two representatives from each member metropolitan park district. The Treasurer of the Lorain County Metropolitan Park District is the fiscal agent for the Council. The degree of control exercised by members is limited to their representation on the Board. Financial information can be obtained by contacting the Treasurer of the Lorain County Metropolitan Park District at 12882 Diagonal Road, LaGrange, Ohio 44050.

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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

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of 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 Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 20, 2016, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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. 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 2015-001 to be a material weakness.

***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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***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.



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

April 20, 2016

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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

**FINDING NUMBER 2015-001**

**Material Weakness/Noncompliance Finding - Financial Statement Adjustments:**

**Ohio Rev. Code § 5705.42** requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

The proper accounting treatment for these on-behalf-of expenditures is to record the expenditure in the fund accounting for the project and to record a corresponding intergovernmental receipt in the same fund. Appropriations and estimated resources should also be recorded in the accounting system.

Additionally, management is responsible for implementing and maintaining an internal control system designed to enable management to determine the accuracy of the District's financial statement transactions. Also, management is responsible for developing and maintaining complete and accurate financial records.

The following financial statement errors were identified and were adjusted to the financial statements by management:

- In 2014 and 2015, intergovernmental receipts and contract services disbursements for the Capital Projects Funds were each understated by \$365,532 and \$466,980, respectively, due to the activity of an on behalf of grant being excluded from the District's financial statements.
- In 2015, transfers in for the Capital Projects Funds were overstated by \$110,000 and intergovernmental receipts were understated by an equal amount due to the revenue received from the North Coast Council of Parks being misposted.
- In 2014 and 2015, intergovernmental receipts for the General Fund were understated by \$835,652 and \$690,719, respectively. Reimbursement receipts were overstated each year by equal amounts. These errors were due to grant revenue being misposted.

Failure to record on behalf of grant expenditures and corresponding receipts in the accounting records and to accurately record accounting transactions hinders management's ability to monitor project status and may result in inaccurate financial reporting.

The District should ensure procedures are in place to record all on behalf of grant expenditures, and corresponding receipts on the financial statements. Appropriations and estimated resources should also be recorded in the accounting system. The District should also exercise due care when posting transactions to help ensure transactions are correct and posted to the proper funds and accounts. Management should also review the financial statements to help ensure they are supported by sufficient documentation, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

**FINDING NUMBER 2015-001 (Continued)**

**Officials' Response:** The park district will take steps to correct recording of intergovernmental receipts by creating a new line in the budget where such revenue can be recorded appropriately. Further, funds paid on behalf of the district through grant activity will be monitored more closely to assure such funds are recorded on a timely basis.



# Dave Yost • Auditor of State

**MEDINA COUNTY PARK DISTRICT**

**MEDINA 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  
MAY 19, 2016**