



**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015



Dave Yost • Auditor of State

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
DECEMBER 31, 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Canal Winchester Joint Recreation District
Franklin County
10 North High Street
Canal Winchester, Ohio 43110

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the business-type activities of the Canal Winchester Joint Recreation District, Franklin County, Ohio (the District), as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the business-type activities of the Canal Winchester Joint Recreation District, Franklin County, Ohio, as of December 31, 2015 and the respective change in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. 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 December 19, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 19, 2016

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | <u><u>\$ 118,438</u></u> |
|---------------------------|--------------------------|

NET POSITION

| | |
|--------------|----------------|
| Unrestricted | <u>118,438</u> |
|--------------|----------------|

| | |
|---------------------------|--------------------------|
| TOTAL NET POSITION | <u><u>\$ 118,438</u></u> |
|---------------------------|--------------------------|

See notes to financial statements

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – CASH BASIS
YEAR ENDED DECEMBER 31, 2015**

| | 2015 |
|--|-------------------|
| CASH RECEIPTS | |
| Admissions | \$ 578 |
| Concessions | 27,737 |
| Fundraisers | 6,164 |
| League fees | 3,750 |
| Photography rebates | 5,035 |
| Registrations | 239,490 |
| Discounts - directors | (1,245) |
| Late fees | 475 |
| Sponsorships | 350 |
| Transfer from Canal Winchester Recreation Organization, Inc. | 4,225 |
| TOTAL CASH RECEIPTS | 286,559 |
| CASH DISBURSEMENTS | |
| Administrative | 492 |
| Utilities | 5,745 |
| Advertising | 510 |
| All-Stars/Tournaments | 2,695 |
| Bad debts | (75) |
| Bank charges | (1,472) |
| Technology | 2,424 |
| Concession expense | 16,571 |
| Equipment | 15,131 |
| Expansion costs | 8,643 |
| Facility expense | 10,440 |
| Fundraising | 2,907 |
| Insurance | 10,014 |
| League fees | 9,876 |
| Professional services | 13,492 |
| Memberships | 145 |
| Miscellaneous | 100 |
| Office expense | 762 |
| Payroll expense | 64,164 |
| Postage | 214 |
| Referees & umpires | 27,647 |
| Registration reimbursements | 5,818 |
| Lease expense | 2,028 |
| Repairs & maintenance | 16,668 |
| Rewards | 8,214 |
| Security & background checks | 2,620 |
| Player notification | 742 |
| Uniforms | 54,475 |
| TOTAL CASH DISBURSEMENTS | 280,990 |
| EXCESS OF RECEIPTS OVER DISBURSEMENTS | 5,569 |
| NET POSITION AT THE BEGINNING OF YEAR | 112,869 |
| NET POSITION AT END OF YEAR | \$ 118,438 |

See notes to financial statements

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

1. DESCRIPTION OF DISTRICT

Canal Winchester Joint Recreation District (the "District") is a not-for-profit corporation organized by the City of Canal Winchester and the Canal Winchester Local School District under Section 755.12 to 755.18 of the Ohio Revised Code to provide athletic, recreational, and quality of life opportunities for the welfare and physical development of the residents of the Canal Winchester School District and the City of Canal Winchester.

Oversight of the District is provided by a five member board that includes two representatives appointed by the City of Canal Winchester City Council, two representatives appointed by the Canal Winchester Local District Board of Education and a community member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accounting records are maintained on a cash basis of accounting throughout the year. The District's financial statements consist of the Statement of Fund Net Position – Cash Basis and the Statement of Revenues, Expenses, and Changes in Fund Net Position – Cash Basis which are presented on the cash basis. These statements include the financial activities of the primary government, which are considered business-type activities.

Cash and Cash Equivalents – The District considers all checking, money market, and savings accounts to be cash and cash equivalents.

Net Position – Net position represents the difference between assets and liabilities. Net position is reported in two broad categories (as applicable):

Restricted: This component of net position consists of restricted assets, when constraints are placed on the assets by creditors, grantors, contributors, laws, regulations, etc.

Unrestricted: This component of net position consists of assets that do not meet the definition of the categories listed above.

Inter-program Transactions – During the course of operations, numerous inter-program transactions occur relating to the individual sports programs. These transactions have been eliminated for financial statement purposes.

Income Taxes – The District is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Thus, no provision for income taxes is included in these financial statements.

The District is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The District believes it is no longer subject to tax examinations for years prior to 2012.

Advertising – The District expenses advertising as incurred.

Employer Contributions to Cost-Sharing Pension Plans – The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits.

Operating Revenues and Expenditures – Operating revenues are those revenues that are generated directly from the primary activity of the District. For the District, these revenues are charges for services and monies earned in during regular business operations. Operating expenses are the necessary costs incurred to provide the services that are the primary activity of the District. Revenues and expenses that do not meet these definitions are reported as non-operating revenues and expenses.

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

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 function 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.
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.

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.

3. EQUITY IN POOLED DEPOSITS

The District maintains a deposit that all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2015 was as follows: \$121,262. Deposits are insured by the Federal Depository Insurance Corporation.

4. RELATED PARTIES

The District uses athletic fields and facilities of both the City of Canal Winchester and the Canal Winchester Local School District. The City provides facilities at no cost. The District pays the Canal Winchester Local School District a facility fee for maintenance and janitorial services for the District's use of the School District's athletic facilities; the amount paid to the School District was \$10,380.

The District utilizes accounting services of JC & Company and payroll services of Payroll Services Unlimited, both companies of which the District's fiscal office has a financial interest. The services provided are done so at fair market value. The amount paid for the accounting and payroll services were \$8,760 and \$2,604 respectively.

The District uses the swimming pool of the City of Canal Winchester. Participants in the District's swimming program are required by the City to obtain a pool membership. The District acts as an agent for the City and collects the participant's membership fees. The total amount of membership fees collected by the District on behalf of the City was \$7,680.

The District also paid the City of Canal Winchester \$2,754 for various maintenance services.

5. RISK MANAGEMENT

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

5. RISK MANAGEMENT – CONTINUED:

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

| | |
|------------------------|----------------------------------|
| | 2015 |
| Assets | <u>\$14,643,667</u> |
| Liabilities | <u>(9,112,030)</u> |
| Members' Equity | <u><u>\$5,531,637</u></u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

6. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description -- District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

6. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) – CONTINUED:

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: | Age and Service Requirements: | Age and Service Requirements: |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: | Formula: | Formula: |
| 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Public Safety | Public Safety | Public Safety |
| Age and Service Requirements: | Age and Service Requirements: | Age and Service Requirements: |
| Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: | Age and Service Requirements: | Age and Service Requirements: |
| Age 52 with 15 years of service credit | Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Public Safety and Law Enforcement | Public Safety and Law Enforcement | Public Safety and Law Enforcement |
| Formula: | Formula: | Formula: |
| 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

6. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) – CONTINUED:

| | State and Local |
|--|----------------------------|
| 2015 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2015 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.0 % |
| Post-employment Health Care Benefits | 2.0 |
| | 14.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

* This rate is determined by OPERS' Board and has no maximum rate established by the ORC

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$7,680 for year 2015.

7. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2015, the District has implemented the following:

GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27" improves the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhances its value for assessing accountability and interperiod equity by requiring recognition of the entire pension liability and a more comprehensive measure of pension expense. This statement also replaces GASB Statement No. 27 as it relates to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The implementation of this statement did not have an effect on the financial statements of the District.

GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68" eliminates the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The implementation of this statement did not have an effect on the financial statements of the District.

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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*

Canal Winchester Joint Recreation District
Franklin County
10 North High Street
Canal Winchester, Ohio 43110

To the Board of Trustees:

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 cash-basis financial statements of the business-type activities of the Canal Winchester Joint Recreation District, Franklin County, Ohio (the District), as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2016.

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

December 19, 2016



Dave Yost • Auditor of State

CANAL WINCHESTER JOINT RECREATION DISTRICT

FRANKLIN 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
FEBRUARY 21, 2017**