



Dave Yost · Auditor of State

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY
DECEMBER 31, 2017 AND 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe County Park District
Monroe County
105 West Court Street
Woodsfield, Ohio 43793

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Monroe County Park District, Monroe County, Ohio (the Park District), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Park District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Park District's internal control. Accordingly, we express no such 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 2 of the financial statements, the Park District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Park District as of December 31, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Monroe County Park District, Monroe County, Ohio as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2018, on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 22, 2018

Monroe County Park District
Monroe County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$233,080	\$0	\$233,080
Charges for Services	11,583	0	11,583
License, Permits, & Fees	16,611	0	16,611
Royalties	0	1,556	1,556
Intergovernmental	20,700	0	20,700
Earnings on Investments	180	1,163	1,343
Sales	2,676	0	2,676
Leases	0	444,795	444,795
Miscellaneous	4,334	191	4,525
<i>Total Cash Receipts</i>	<u>289,164</u>	<u>447,705</u>	<u>736,869</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries and Fringes	120,603	0	120,603
Supplies	19,832	0	19,832
Equipment	1,000	0	1,000
Contracts	34,440	55,194	89,634
Advertising	226	0	226
Other	18,688	0	18,688
<i>Total Cash Disbursements</i>	<u>194,789</u>	<u>55,194</u>	<u>249,983</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>94,375</u>	<u>392,511</u>	<u>486,886</u>
<i>Fund Cash Balances, January 1</i>	<u>79,403</u>	<u>215,506</u>	<u>294,909</u>
Fund Cash Balances, December 31			
Restricted	0	608,017	608,017
Unassigned (Deficit)	<u>173,778</u>	0	173,778
<i>Fund Cash Balances, December 31</i>	<u><u>\$173,778</u></u>	<u><u>\$608,017</u></u>	<u><u>\$781,795</u></u>

See accompanying notes to the basic financial statements.

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Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Monroe County Park District (the District), Monroe County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Monroe 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's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

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

Basis of Accounting

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).

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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.

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 2017 budgetary activity appears in Note 3.

Deposit and Investments

As the Ohio Revised Code permits, the Monroe 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.

Capital Assets

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

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.

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into two 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:

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.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$220,697	\$289,164	\$68,467
Special Revenue	0	447,705	447,705
Total	<u>\$220,697</u>	<u>\$736,869</u>	<u>\$516,172</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgetary	Budgetary	Variance
	Appropriation	Expenditures	
General	\$221,566	\$194,789	\$26,777
Special Revenue	59,980	55,194	4,786
Total	<u>\$281,546</u>	<u>\$249,983</u>	<u>\$31,563</u>

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Property Taxes

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.

Note 5 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 7 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – 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.

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Monroe County Park District

Monroe County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$170,880	\$0	\$170,880
Charges for Services	13,311	0	13,311
License, Permits, and Fees	16,127	0	16,127
Intergovernmental	40,465	242,651	283,116
Earnings on Investments	530	550	1,080
Sales	4,392	0	4,392
Leases	3,288	0	3,288
Miscellaneous	186	1,114	1,300
 <i>Total Cash Receipts</i>	 249,179	 244,315	 493,494
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries and Fringes	121,193	0	121,193
Supplies	18,778	0	18,778
Equipment	1,000	0	1,000
Contracts	30,587	52,430	83,017
Advertising	138	0	138
Other	30,165	2,127	32,292
Capital Outlay	25,322	74,276	99,598
Debt Service:			
Principal Retirement	0	242,651	242,651
Interest and Fiscal Charges	948	0	948
 <i>Total Cash Disbursements</i>	 228,131	 371,484	 599,615
 <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	 21,048	 (127,169)	 (106,121)
 <i>Fund Cash Balances, January 1</i>	 58,355	 342,675	 401,030
 Fund Cash Balances, December 31			
Restricted	0	215,506	215,506
Unassigned (Deficit)	79,403	0	79,403
 <i>Fund Cash Balances, December 31</i>	 \$79,403	 \$215,506	 \$294,909

See accompanying notes to the basic financial statements

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Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Monroe County Park District (the District), Monroe County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Monroe 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's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

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

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

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

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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.

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 2016 budgetary activity appears in Note 3.

Deposit and Investments

As the Ohio Revised Code permits, the Monroe 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.

Capital Assets

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

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.

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into two 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:

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.

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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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$249,188	\$249,179	(\$9)
Special Revenue	585,326	244,315	(341,011)
Total	<u>\$834,514</u>	<u>\$493,494</u>	<u>(\$341,020)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgetary	Budgetary	Variance
	Appropriation	Expenditures	
General	\$648,828	\$228,131	\$420,697
Special Revenue	462,651	371,484	91,167
Total	<u>\$1,111,479</u>	<u>\$599,615</u>	<u>\$511,864</u>

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Property Taxes

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.

Note 5 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Note 7 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Monroe County Park District
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – 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.

Note 9 – Subsequent Event

The Park District entered into a “Paid-Up” Oil and Gas Lease. The lease is for 68.19 acres of property owned by the Monroe County Park District, Monroe County, Ohio, and is effective August 1, 2017, for a three year period with Gulfport Energy Corporation. The lease calls for payments to the Park District, in addition to the bonus, royalties in the amount of 20 percent of the net proceeds for all oil, gas and/or hydrocarbons produced and saved from the land. As of the date of the financial statements, the value of any potential royalties cannot be determined.

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Dave Yost • Auditor of State

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

Monroe County Park District
Monroe County
105 West Court Street
Woodsfield, Ohio 43793

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Monroe County Park District, Monroe County, Ohio (the Park District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2018, wherein we noted the Park District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Park District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2017-001 to be a material weakness.

Monroe County Park District
Monroe County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Park District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Park District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 22, 2018

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2017-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Park District did not have control procedures in place to ensure the accuracy of receipt and expenditure line item account postings. Throughout the period, receipts and expenditures were not always posted to the accurate receipt and expenditure classifications based upon the source of the receipt and the nature of the expenditure.

Also, the Park District did not properly classify its December 31, 2017 and 2016 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

By not having procedures in place to ensure proper classification of receipts, expenditures, and fund balance could result in material errors to the financial statements and go undetected.

The following errors were noted for 2017:

- The bank transfer mentioned below in the amount of \$32,559 was reversed which created a negative receipt in General Fund Miscellaneous revenue. This should have been reflected in the beginning balance at January 1, 2017.
- A Verizon Lease License receipt in the amount of \$16,611 was posted as Charges for Services revenue in the General Fund instead of License, Permits, and Fees revenue.

The following errors were noted for 2016:

- The Park District received a boat marina improvement reimbursable grant from the Ohio Department of Natural Resources in the amount of \$242,651 which was used to pay off promissory loans in the amount of \$242,651. This activity was not presented within the Special Revenue Fund on the financial statements.
- Expenditures that pertained to gas and oil lease funds were expended from the General Fund in the amount of \$70,465. Instead of doing a reduction of expenditures in the General Fund, the Park District wrote a check out of the Oil and Gas Lease Fund to create an expense in the amount of \$70,465, and posted a receipt to General Fund Miscellaneous revenue in the amount of \$70,465, therefore overstating General Fund receipts and expenditures. In addition, the Park District posted the entire expenditure amount of \$70,465 to Contracts within the Oil and Gas Lease Fund, instead of \$38,338 to Contracts, \$30,000 to Capital Outlay, and \$2,127 to Other, as proper.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2017-001 (Continued)

Material Weakness (Continued)

- The Park District closed a checking account in November and moved the money into the County Treasurer's regular checking account in the amount of \$32,559. Since this was a bank transfer only, this activity should not have been recorded on the accounting system. However, a receipt was posted to the General Fund Miscellaneous revenue in the amount of \$32,559.
- A Verizon Lease License receipt in the amount of \$16,127 was posted as Leases revenue in the General Fund instead of License, Permits, and Fees revenue.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following errors that were not significant to the opinion unit affected in 2017 or 2016 and will not be posted to the financial statements:

- In 2017 and 2016, the General Fund amounts appropriated over estimated receipts in the next fiscal year was classified as unassigned rather than assigned in the amounts of \$2,000 and \$869, respectively.
- In 2016, a lease agreement for radio communications in the amount of \$3,280 was classified as Miscellaneous Revenue in the General Fund, whereas it should have been classified as License, Permits, and Fees Revenue instead.

The Director should develop internal control procedures and utilize available authoritative resources to ensure the financial statements of the Park District accurately classify and record all receipt and expenditure transactions and cash fund balances. The Park District may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

Officials' Response: We did not receive a response from Officials to this Finding.



MONROE COUNTY PARK DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Noncompliance – Ohio Rev. Code § 1545.23	Corrected	N/A.
2015-002	Noncompliance – Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources	Corrected	N/A.
2015-003	Noncompliance – Ohio Rev. Code § 5705.41(D)	Corrected	N/A.
2015-004	Material Weakness – Receipt and Expenditure Classification	Not Corrected	We are working on correcting in 2018

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Dave Yost • Auditor of State

MONROE COUNTY PARK DISTRICT

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
JUNE 5, 2018