



OHIO AUDITOR OF STATE  
**KEITH FABER**





MUSKINGUM VALLEY PARK DISTRICT  
MUSKINGUM COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Muskingum Valley Park District  
Muskingum County  
415 Hunter Avenue  
Zanesville, Ohio 43701

To the Board of Commissioners:

### Report on the Audit of the Financial Statements

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Muskingum Valley Park District, Muskingum County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 12, 2024

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**MUSKINGUM VALLEY PARK DISTRICT  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$438,936	\$0	\$0	\$438,936
Fees	8,315	0	0	8,315
Intergovernmental	132,877	0	139,276	272,153
Grants/Donations	112,325	200,000	0	312,325
Miscellaneous	79,723	0	0	79,723
<i>Total Cash Receipts</i>	<u>772,176</u>	<u>200,000</u>	<u>139,276</u>	<u>1,111,452</u>
<b>Cash Disbursements</b>				
Current:				
Conservation/Recreation:				
Salaries	138,483	0	0	138,483
Employee Fringe Benefits	71,264	0	0	71,264
Supplies and Materials	11,559	4,862	7,999	24,420
Contract Services	345,062	0	0	345,062
Other	116,317	0	0	116,317
Capital Outlay	44,903	0	0	44,903
<i>Total Cash Disbursements</i>	<u>727,588</u>	<u>4,862</u>	<u>7,999</u>	<u>740,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>44,588</u>	<u>195,138</u>	<u>131,277</u>	<u>371,003</u>
<i>Fund Cash Balances, January 1</i>	<u>173,500</u>	<u>9,862</u>	<u>88,614</u>	<u>271,976</u>
<i>Fund Cash Balances, December 31</i>	<u>\$218,088</u>	<u>\$205,000</u>	<u>\$219,891</u>	<u>\$642,979</u>

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

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**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

The Muskingum Valley Park Society is also associated with the District. Since the Foundation's tax exemption is based on the Foundation's intent to support the District, its financial statements are included in this report. The Society is organized and operated for public charitable, educational, literacy and scientific purposes exclusively for the benefit and support of, to perform some of the functions of, and to carry out some of the purposes of the Muskingum Valley Park District. The Society is a legally separate nonprofit corporation organized under Ohio Rev. Code § 1702. Financial activity of the Society is maintained separately from the District. The Society maintains fiscal operations following a fiscal year of July 1 through June 30. They have unaudited net assets of \$16,902. Additional financial information can be obtained from Brian Newton, President, Muskingum Valley Park Society, 1720 Euclid Avenue, Zanesville, Ohio 43701.

***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The District's management believes these financial statements present all activities for which the Entity 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.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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:

Meadow Springs Farm – This fund is derived from local donations and grants relating to the project.

***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:

Joe’s Run Park Fund – This fund is derived from a Clean Ohio Conservation Fund grant. Grant proceeds are generally paid directly to the vendors by the Ohio Public Works Commission at a rate of 75% of each billable invoice. The balance of each invoice (25%) is paid by the park district as specified in the Clean Ohio Conservation Fund grant agreement.

Westview Community Park – This fund is derived from a Land and Water Conservation Fund grant. The Land and Water Conservation Fund (LWCF) grant program provides up to 50% reimbursement assistance for state and local government subdivisions for the acquisition, development, and rehabilitation of recreational areas.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 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.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2022 budgetary activity appears in Note 4.

***Deposit and Investments***

As the Ohio Revised Code permits, the Muskingum 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.

***Leases***

The District is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

***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:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

***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.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Muskingum Rec Trail fund by \$7,999 for the year ended December 31, 2022.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$732,431	\$772,176	\$39,745
Special Revenue	0	200,000	200,000
Capital Projects	0	139,276	139,276
Total	\$732,431	\$1,111,452	\$379,021

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$886,633	\$799,807	\$86,826
Special Revenue	9,576	4,862	4,714
Capital Projects	10,845	7,999	2,846
Total	\$907,054	\$812,668	\$94,386

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Muskingum Valley Park District's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Three District 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 health care 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, 2022.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

**Note 9 – 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 10 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>72,219</u>
Total	<u>\$72,219</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Subsequent Events**

At the January 10, 2023 meeting, the District approved a donation from the Straker Foundation in the amount of \$200,000 for the Putnam Greenway project.

At the December 11, 2023 meeting, the District approved a donation from the Straker Foundation in the amount of \$200,000 for the Putnam Greenway project.

At the January 8, 2024 meeting, the District approved a donation from the Straker Foundation in the amount of \$425,000 for the Putnam Greenway project.

Effective January 24, 2024, the Secretary of State approved dissolution of the Muskingum Valley Park Society, a component unit of the District.

At the August 13, 2024 meeting, the District awarded a bid for construction to Hazen Services for the Putnam Greenway project in the amount of \$621,627.

At the September 10, 2024 meeting, the District signed a Memorandum of Understanding with the Ironton-Lawrence Community Action for the Appalachian Community Grant program. This grant will be used for the Canal Park Trail Riverfront Improvement project with an estimate of \$1,178,560.

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**MUSKINGUM VALLEY PARK DISTRICT  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Fees	\$2,597	\$7,500	\$0	\$10,097
Intergovernmental	128,818	0	10,420	139,238
Community Grants	50,000	0	0	50,000
Reimbursements	8,091	0	0	8,091
Grants/Donations	102,687	8,784	8,517	119,988
<i>Total Cash Receipts</i>	<u>292,193</u>	<u>16,284</u>	<u>18,937</u>	<u>327,414</u>
<b>Cash Disbursements</b>				
Current:				
Conservation/Recreation:				
Salaries	91,249	0	0	91,249
Employee Fringe Benefits	48,936	0	0	48,936
Supplies and Materials	7,927	0	0	7,927
Contract Services	47,453	7,234	228,857	283,544
Other	26,461	0	0	26,461
<i>Total Cash Disbursements</i>	<u>222,026</u>	<u>7,234</u>	<u>228,857</u>	<u>458,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,167</u>	<u>9,050</u>	<u>(209,920)</u>	<u>(130,703)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	2,771	2,771
Transfers Out	(2,771)	0	0	(2,771)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,771)</u>	<u>0</u>	<u>2,771</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	67,396	9,050	(207,149)	(130,703)
<i>Fund Cash Balances, January 1</i>	<u>106,104</u>	<u>812</u>	<u>295,763</u>	<u>402,679</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$173,500</u></u>	<u><u>\$9,862</u></u>	<u><u>\$88,614</u></u>	<u><u>\$271,976</u></u>

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

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**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

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

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***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. 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.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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:

Meadow Springs Farm – This fund is derived from local donations and grants relating to the project.

***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:

Joe’s Run Park Fund – This fund is derived from a Clean Ohio Conservation Fund grant. Grant proceeds are generally paid directly to the vendors by the Ohio Public Works Commission at a rate of 75% of each billable invoice. The balance of each invoice (25%) is paid by the park district as specified in the Clean Ohio Conservation Fund grant agreement.

Westview Community Park – This fund is derived from a Land and Water Conservation Fund grant. The Land and Water Conservation Fund (LWCF) grant program provides up to 50% reimbursement assistance for state and local government subdivisions for the acquisition, development, and rehabilitation of recreational areas.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 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.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Encumbrances** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 4.

**Deposit and Investments**

As the Ohio Revised Code permits, the Muskingum 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.

**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:

**Nonspendable** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

**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.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Muskingum Rec Trail fund by \$13,651 for the year ended December 31, 2021.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$207,200	\$292,193	\$84,993
Special Revenue	8,784	16,284	7,500
Capital Projects	818,120	21,708	(796,412)
Total	\$1,034,104	\$330,185	(\$703,919)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,717	\$224,797	\$47,920
Special Revenue	9,070	7,234	1,836
Capital Projects	771,617	228,857	542,760
Total	\$1,053,404	\$460,888	\$592,516



**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

The District will begin receiving property tax receipts in fiscal year 2022.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Muskingum Valley Park District's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Three District 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 health care 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, 2021.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – 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 10 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Capital Projects
Outstanding Encumbrances	9,036	7,998
Total	\$9,036	\$7,998

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Muskingum Valley Park District**  
*Muskingum County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – Subsequent Events**

The District will begin receiving property tax receipts in fiscal year 2022 as result of voter approval of the .2 mill tax levy during the November 2, 2021 election.

At the January 10, 2023 meeting, the District approved a donation from the Straker Foundation in the amount of \$200,000 for the Putnam Greenway project.

At the December 11, 2023 meeting, the District approved a donation from the Straker Foundation in the amount of \$200,000 for the Putnam Greenway project.

At the January 8, 2024 meeting, the District approved a donation from the Straker Foundation in the amount of \$425,000 for the Putnam Greenway project.

Effective January 24, 2024, the Secretary of State approved dissolution of the Muskingum Valley Park Society, a component unit of the District.

At the August 13, 2024 meeting, the District awarded a bid for construction to Hazen Services for the Putnam Greenway project in the amount of \$621,627.

At the September 10, 2024 meeting, the District signed a Memorandum of Understanding with the Ironton-Lawrence Community Action for the Appalachian Community Grant program. This grant will be used for the Canal Park Trail Riverfront Improvement project with an estimate of \$1,178,560.

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Muskingum Valley Park District  
Muskingum County  
415 Hunter Avenue  
Zanesville, Ohio 43701

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Muskingum Valley Park District, Muskingum County, (the District) and have issued our report thereon dated November 12, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-002.

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 12, 2024

**MUSKINGUM VALLEY PARK DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**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.

For the fiscal year ending December 31, 2022, the following misstatements were noted:

- A \$200,000 donation intended to be used for the Putnam Greenway Project was improperly posted to the General Fund rather than the Capital Projects Fund established for the project;
- The District improperly classified all receipts, except Property Taxes, as Miscellaneous in the General Fund on their annual financial report, resulting in reclassifications totaling \$132,877, \$112,325 and \$8,315 to Intergovernmental, Donations, and Fees, respectively;
- The District purchased a truck in the amount of \$44,903 and improperly classified the disbursement as Other rather than Capital Outlay on their annual financial report;
- The District improperly classified all receipts as Miscellaneous in the Special Revenue Funds on their annual financial report, resulting in reclassifications totaling \$139,276 to Intergovernmental;
- Several funds were incorrectly classified as Special Revenue Funds rather than Capital Projects Funds.

For the fiscal year ending December 31, 2021, the following misstatements were noted:

- The District received a reimbursement grant from OPWC and local match for the Joes Run Park project and posted the revenue to the General Fund, however the related disbursement was posted to the related Capital Projects Fund for the project, resulting in an adjustment totaling \$13,894 from the General Fund to the Joes Run Park Capital Projects Fund;
- The District improperly classified local government receipts from Muskingum County totaling \$53,818 as Property Taxes rather than Intergovernmental on their annual financial report;
- The District improperly classified a transfer-out as Other Disbursements rather than Transfer-Out on the annual financial report;
- The District improperly classified all receipts as Grants/Donations in the Special Revenue Funds on their annual financial report, resulting in a reclassification of \$7,500 to Fees;
- Several funds were incorrectly classified as Special Revenue Funds rather than Capital Projects Funds.

Additionally, the District's footnote disclosures included material errors and various wording and formatting errors as a result of not following the notes in accordance with the Auditor of State (AOS) regulatory filing basis.

Audit adjustments, with which management has agreed, are reflected in the accompanying financial statements. In addition to the adjustments listed above, we also identified immaterial differences ranging from \$726 to \$6,970 that we have brought to the District's attention.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the District's financial position and operations.

**MUSKINGUM VALLEY PARK DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-001 (Continued)**

**Material Weakness (Continued)**

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should take the necessary steps to ensure that all receipts and disbursements are properly presented and disclosed in the District's financial statements filed in the Hinkle System.

**Officials' Response:** Regarding the 2022 misstatements, for the \$200,000 donation, the MVPD received a check for the aforementioned funds in late December. In order to meet funds deposit requirements, the funds were deposited into the general fund and transferred into the appropriate appropriation after the start of the new year. For the misclassified receipts, the MVPD followed previous years reporting of receipts based on the recommendations of a previous county Chief Deputy Auditor. For the misclassified truck expense, the District improperly classified the disbursement because it lacked the required Capital Outlay account in its financial accounting system. The system has since been updated. Regarding several funds incorrectly classified as Special Revenue Funds rather than Capital Projects Funds, the noted discrepancies were due to recycling account numbers. Regarding the 2021 misstatements, we have noted these corrections. The District has updated its financial management system to mirror the reporting requirements of the Hinkle System.

**FINDING NUMBER 2022-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's Muskingum Rec Trail Fund (Fund 806) had expenditures in excess of appropriations of \$7,999 and \$13,651 as of December 31, 2022 and 2021, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Park District Board of Commissioners should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Director should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:** As noted above, the District has taken formal steps to resolve future instances of noncompliance.



# OHIO AUDITOR OF STATE KEITH FABER



**MUSKINGUM VALLEY PARK DISTRICT**

**MUSKINGUM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/26/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)