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Certified Public Accountants, A.C.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE
CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioner's
Memorial Park District of St. Clairsville City and of Richland Township
P.O. Box 513
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Memorial Park District of St. Clairsville City and of Richland Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 25, 2017

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MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 30, 2017

Memorial Park District of St. Clairsville City and of Richland Township
Belmont County
P.O. Box 513
St. Clairsville, OH 43950

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 **Memorial Park District of St. Clairsville City and of Richland Township**, Belmont County, (the District) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.



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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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Memorial Park District of St. Clairsville City and of Richland Township, Belmont County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT 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 | \$ 83,317 | \$ 158,796 | \$ 242,113 |
| Charges for Services | 71,739 | - | 71,739 |
| Intergovernmental | 31,790 | 34,200 | 65,990 |
| Donations | 5,755 | - | 5,755 |
| Miscellaneous | 1,083 | - | 1,083 |
| | 193,684 | 192,996 | 386,680 |
| <i>Total Cash Receipts</i> | | | |
| Cash Disbursements | | | |
| Current: | | | |
| Conservation/Recreation: | | | |
| Salaries | 69,981 | - | 69,981 |
| Fringe Benefits | 15,921 | - | 15,921 |
| Insurance | 7,158 | - | 7,158 |
| Utilities | 14,161 | - | 14,161 |
| Materials and Supplies | 16,712 | - | 16,712 |
| Repairs and Maintenance | 5,002 | 7,835 | 12,837 |
| Accounting Services | 18,601 | 3,224 | 21,825 |
| Miscellaneous | 619 | 224 | |
| Capital Outlay | - | 172,935 | 172,935 |
| | 148,155 | 184,218 | 331,530 |
| <i>Total Cash Disbursements</i> | | | |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 45,529 | 8,778 | 55,150 |
| <i>Fund Cash Balances, January 1</i> | 43,713 | 41,624 | 85,337 |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 50,402 | 50,402 |
| Unassigned | 89,242 | - | 89,242 |
| | 89,242 | 50,402 | 139,644 |
| <i>Fund Cash Balances, December 31</i> | \$ 89,242 | \$ 50,402 | \$ 139,644 |

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

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | General | Special Revenue | Totals (Memorandum Only) |
|--|------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property Taxes | \$ 80,571 | \$ 154,532 | \$ 235,103 |
| Charges for Services | 66,551 | - | 66,551 |
| Intergovernmental | 12,883 | - | 12,883 |
| Donations | 6,845 | 6,000 | 12,845 |
| Miscellaneous | 645 | - | 645 |
| | 167,495 | 160,532 | 328,027 |
| <i>Total Cash Receipts</i> | | | |
| Cash Disbursements | | | |
| Current: | | | |
| Conservation/Recreation: | | | |
| Salaries | 66,084 | - | 66,084 |
| Fringe Benefits | 13,819 | - | 13,819 |
| Insurance | 15,447 | - | 15,447 |
| Utilities | 12,459 | - | 12,459 |
| Materials and Supplies | 15,505 | - | 15,505 |
| Repairs and Maintenance | 7,334 | 10,540 | 17,874 |
| Accounting Services | 9,248 | 4,500 | 13,748 |
| Miscellaneous | 2,225 | 3,311 | |
| Capital Outlay | - | 148,921 | 148,921 |
| | 142,121 | 167,272 | 303,857 |
| <i>Total Cash Disbursements</i> | | | |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 25,374 | (6,740) | 24,170 |
| <i>Fund Cash Balances, January 1</i> | 18,339 | 48,364 | 66,703 |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 41,624 | 41,624 |
| Unassigned | 43,713 | - | 43,713 |
| | 43,713 | 41,624 | 85,337 |
| <i>Fund Cash Balances, December 31</i> | \$ 43,713 | \$ 41,624 | \$ 85,337 |

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

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 – Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, Ohio (the District), as a body corporate and politic under §§ 511.18 to .37 of the Ohio Revised Code to be governed by a three-member Board of Park Commissioners. Based upon the vote of the people of Richland Township and the City of St. Clairsville on November 6, 2007, the Richland Township Memorial Park District was converted into a park district to be operated and maintained under Chapter 1545 of the Ohio Revised Code, under the name of Memorial Park District of St. Clairsville City and of Richland Township effective January 1, 2008. On September 5, 2008, the Probate Judge of Belmont County approved the conversion from a three-member Board of Park Commissioners to consist of a five-member Board of Park Commissioners to govern the Park District. The Board of Park Commissioners is responsible for the general operation of the park and pool.

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

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

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.

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:

Tax Levy Fund – this fund receives property tax money for improving antiquated pool equipment and facilities, improving general park equipment and playground equipment, and other capital improvements.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

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, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

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.

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.

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.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP**
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Tax Levy fund by \$8,718 and \$272 for the years ended December 31, 2016 and 2015 respectively. Budgetary expenditures exceeded appropriation authority in the General fund by \$10,521 for the year ended December 31, 2015.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2016 and 2015 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 166,500 | \$ 193,684 | \$ 27,184 |
| Special Revenue | 200,000 | 192,996 | (7,004) |
| Total | \$ 366,500 | \$ 386,680 | \$ 20,180 |

| 2016 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|----------------------------|----------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$ 150,000 | \$ 148,155 | \$ 1,845 |
| Special Revenue | 175,500 | 184,218 | (8,718) |
| Total | \$ 325,500 | \$ 332,373 | \$ (6,873) |

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 4 - Budgetary Activity (Continued)

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 167,400 | \$ 167,495 | \$ 95 |
| Special Revenue | 160,000 | 160,532 | 532 |
| Total | \$ 327,400 | \$ 328,027 | \$ 627 |

| 2015 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|----------------------------|----------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$ 131,600 | \$ 142,121 | \$ (10,521) |
| Special Revenue | 167,000 | 167,272 | (272) |
| Total | \$ 298,600 | \$ 309,393 | \$ (10,793) |

Note 5 – Equity In Pooled Deposits

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | 2016 | 2015 |
|-----------------|------------|-----------|
| Demand Deposits | \$ 139,644 | \$ 85,337 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 – 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7 – 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 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement

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

Note 9 - 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – Construction and Contractual Commitments

As of December 31, 2016, the Park District had outstanding contracts of \$11,127 commitments related to the paving and retaining wall projects.

Note 11 - Contingencies

A. Litigation

The Park District is not defendant in any lawsuits.

B. Paid Up Oil/Gas Lease

The Park District has entered into a "Paid-Up" Oil and Gas Lease with Rice Drilling D, LLC for 40.708 acres of property owned by the Board. The lease is effective beginning September 4, 2013 for a five year period. In consideration of the execution of the lease, the Park District received a signing bonus in the amount of \$254,113 in 2014. The lease calls for payments to the Park District, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the Park District has not received any compensation beyond the bonus.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 12 – Related Party Transactions

A District Commissioner is part owner of a company from which the District paid capital improvements (new retaining wall and restoration work) during the year. The District paid \$50,494 for these services.

Note 13 – Subsequent Events

A subsequent event is an event or transaction that affects the financial statement that is subsequent to the date of the financial statements (i.e. Year End December 31, 2016) but before financial statements are issued. There were no subsequent events for reporting.



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

June 30, 2017

Memorial Park District of St. Clairsville City and of Richland Township
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

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 **Memorial Park District of St. Clairsville City and of Richland Township**, Belmont County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 30, 2017, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as items 2016-002 and 2016-003.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 30, 2017.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHP
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

The District should have procedures and controls in place to prevent and detect errors in financial reporting. Funds and fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

During 2016 and 2015, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Tax Levy Revenues were recorded at net instead of gross, which caused receipts and disbursements to be understated by the amount of the County Auditor fees in 2015.
- Local Government Distribution revenues from the County Auditor were recorded as tax levy revenue instead of intergovernmental revenue in 2016 and 2015.
- Inter-fund Advances were actually the correction of posting errors in 2015.
- Homestead and Rollback received from the State of Ohio was posted as tax levy revenues instead of intergovernmental in 2016.
- Fund balances were not classified on the financial statements in 2016 or 2015.
- Homestead and Rollback was posted to the Special Levy Fund instead of allocated according the County Auditor Apportionment Sheets in 2016.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The District has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

The Treasurer should refer to guidance on the proper classification and take additional care in posting transactions to the District's ledger and annual financial report in order to ensure the District's year-end financial statement reflect the appropriate sources and uses of the District's receipts and disbursements. The Treasurer should also refer to Auditor of State Technical Bulletin 2011-004 for information on fund and fund balance classifications.

Management's Response – We agree with finding 2016-001. As of May 1, 2016 the board hired a new fiscal agent, Seachrist, Kennon & Marling, A.C. to maintain their records and perform all their fiscal functions. No errors were identified after June 15, 2016, with exception of the fund balances not being classified as "Restricted" and "Unrestricted", which was corrected as necessary. Prior fiscal agent was Perry & Associates.

MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE AND OF RICHLAND TOWNSHIP
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-002

Noncompliance

Ohio Revised Code, 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2016, we noted expenditures exceeding appropriations in the Tax Levy Fund in the amount of \$8,718. In 2015, we noted expenditures exceeding appropriations in the General and Tax Levy Funds in the amount of \$10,251 and \$227 respectively.

We recommend the Board of Park Commissioner's review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

Management's Response – We agree with finding 2016-002. In 2016 the retaining wall collapsed creating the majority of the expense for the capital account. The budget was exceeded as of November 28, 2016 and should have been revised. In 2015 the budget for both the capital and general accounts were exceeded and should have also been revised.

FINDING NUMBER 2016-003

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the Treasurer is attached thereto. The Treasurer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's Treasurer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a Treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE AND OF RICHLAND TOWNSHIP
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-003 (Continued)

Noncompliance (Continued)

2. Blanket Certificate – Treasurers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The District did not properly certify 100% of the expenditures tested. We determined the District does attach a form to the invoice, generally dated after the invoice that indicates the approval to pay and the fund that should be charged. This form does not have the required certification and is not signed by the Treasurer.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to an obligation being incurred by the District. There should be a system developed to track purchase orders issued (should blanket and super blanket purchase orders be issued) and incorporate the purchase order commitments into the budgetary tracking process of the District. Also the purchase order should have the fund, function, object the disbursement will be posted to, as this is the District's legal level of control.

Management's Response – We agree with finding 2016-003. Changes will be made to comply with code as required. Manager currently signs, dates, and approves all PO's. However, due to the nature of the organization standard PO's are not always possible to complete prior to purchases.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2014-001 | Ohio Revised Code 1545.23 putting the money from sale or lease of land should be placed into a special revenue fund for maintenance of park or purchase new park lands. | Yes | Corrected |
| 2014-002 | Ohio Revised Code 5705.10(A) general levy money must be placed into the general fund. | No | Repeated as part of finding 2016-001 |
| 2014-003 | Ohio Revised Code 5705.41(B) expenditures exceeding appropriations | No | Repeated as Finding 2016-002 |
| 2014-004 | Ohio Revised Code 5705.41(C) | No | Partially Corrected; Moved to Management Letter |
| 2014-005 | Interfund Advances | Yes | Corrected |
| 2014-006 | Budgetary accounts integrated into the accounting system. | Yes | Corrected |
| 2014-007 | Accounting system and accounting system sufficient to meet all needs to the District. | No | Repeated as Finding 2016-001. |



Dave Yost • Auditor of State

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2017**