



Dave Yost • Auditor of State

**PERRY AREA JOINT RECREATION BOARD
LAKE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Perry Area Joint Recreation Board
Lake County
3740 Center Road
PO Box 491
Perry, Ohio 44081

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Perry Area Joint Recreation Board, Lake County, Ohio, (the Recreation Board) 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 Recreation Board'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 Recreation Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 of the financial statements, the Recreation Board 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 Recreation Board 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 Recreation Board as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Perry Area Joint Recreation Board, Lake County, Ohio, as of December 31, 2016 and 2015, and its 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 August 2, 2017, on our consideration of the Recreation Board'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 Recreation Board's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 2, 2017

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Perry Area Joint Recreation Board
Lake County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2016

	General
Cash Receipts	
Intergovernmental	\$67,756
Member Contributions	108,267
Charges for Services	140,844
Contributions and Donations	6,081
Earnings on Investments	335
	323,283
<i>Total Cash Receipts</i>	<i>323,283</i>
Cash Disbursements	
Salaries and Fringe Benefits	207,453
Insurance	6,850
Supplies and Materials	71,827
Contractual Services	70,692
Miscellaneous	414
	357,236
<i>Total Cash Disbursements</i>	<i>357,236</i>
<i>Net Change in Fund Cash Balance</i>	<i>(33,953)</i>
<i>Fund Cash Balance, January 1</i>	<i>223,201</i>
	<i>223,201</i>
Fund Cash Balance, December 31	
Unassigned	189,248
	189,248
<i>Fund Cash Balance, December 31</i>	<i>\$189,248</i>
	<i>\$189,248</i>

See accompanying notes to the basic financial statements

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Perry Area Joint Recreation Board (the Recreation Board), Lake 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 Board is comprised of Perry Township, the Village of North Perry, the Village of Perry, and Perry Local School District. A publicly-elected five-member Board of Trustees directs the Recreation Board, two members are appointed by the School District, and one from each of the other remaining entities. The Recreation Board promotes and provides joint recreation programs for the area. Each member provides membership dues to the Board in accordance with a formula based on their operating budget.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Recreation Board's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) by governmental fund type.

Fund Accounting

The Recreation Board 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. All the Recreation Board's activities are presented in the General Fund:

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 Recreation Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

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.

Deposits and Investments

The Recreation Board's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies - Continued

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 Recreation Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Recreation Board 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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Recreation Board must adhere to these commitments unless the Board of Trustees amends 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 Board of Trustees or a Recreation Board 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 Recreation Board 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.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 – Deposits and Investments

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

	<u>2016</u>
Demand deposits	\$38,351
Money Market	150,450
Petty Cash	<u>447</u>
Total	<u>\$189,248</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation;

Note 4 - Risk Management

Commercial Insurance

The Recreation Board has obtained commercial insurance for the following risks:

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

Note 5 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Recreation Board 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 Recreation Board contributed an amount equaling 14%, of participants' gross salaries. The Recreation Board has paid all contributions required through December 31, 2016.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Postemployment Benefits

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Perry Area Joint Recreation Board
Lake County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2015

	General
Cash Receipts	
Intergovernmental	\$82,164
Member Contributions	141,901
Charges for Services	167,242
Contributions and Donations	1,663
Earnings on Investments	402
	393,372
<i>Total Cash Receipts</i>	<i>393,372</i>
Cash Disbursements	
Salaries and Fringe Benefits	207,737
Insurance	7,319
Supplies and Materials	77,605
Contractual Services	104,098
Miscellaneous	2,000
	398,759
<i>Total Cash Disbursements</i>	<i>398,759</i>
<i>Net Change in Fund Cash Balance</i>	<i>(5,387)</i>
<i>Fund Cash Balance, January 1</i>	<i>228,588</i>
	<i>228,588</i>
Fund Cash Balance, December 31	
Unassigned	223,201
	223,201
<i>Fund Cash Balance, December 31</i>	<i>\$223,201</i>
	<i>\$223,201</i>

See accompanying notes to the basic financial statements

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Perry Area Joint Recreation Board (the Recreation Board), Lake 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 Board is comprised of Perry Township, the Village of North Perry, the Village of Perry and the Perry Local School District. A publicly-elected five-member Board of Trustees directs the Recreation Board, two members are appointed by the School District, and one from each of the other remaining entities. The Recreation Board promotes and provides joint recreation programs for the area. Each member provides membership dues to the Board in accordance with a formula based on their operating budget.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Recreation Board's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) by governmental fund type.

Fund Accounting

The Recreation Board 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. All of the Recreation Board's activities are presented in the General Fund:

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 Recreation Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

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.

Deposits and Investments

The Recreation Board's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies - Continued

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 Recreation Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Recreation Board 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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Recreation Board must adhere to these commitments unless the Board of Trustees amends 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 Recreation Board Governing Board or an Recreation Board 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 Recreation Board 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.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 – Deposits and Investments

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

	<u>2015</u>
Demand deposits	\$18,220
Money Market	204,270
Petty Cash	711
Total	<u>\$223,201</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation;

Note 4 - Risk Management

Commercial Insurance

The Recreation Board has obtained commercial insurance for the following risks:

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

Note 5 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Recreation Board 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 Recreation Board contributed an amount equaling 14%, of participants' gross salaries. The Recreation Board has paid all contributions required through December 31, 2015.

Perry Area Joint Recreation Board
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 6 - Postemployment Benefits

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.



Dave Yost • Auditor of State

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

Perry Area Joint Recreation Board
Lake County
3740 Center Road
PO Box 491
Perry, Ohio 44081

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Perry Area Joint Recreation Board, Lake County, Ohio, (the Recreation Board) 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 August 2, 2017 wherein we noted the Recreation Board 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 Recreation Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Recreation Board'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 Recreation Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Recreation Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

August 2, 2017



Dave Yost • Auditor of State

PERRY AREA JOINT RECREATION BOARD

LAKE 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
AUGUST 22, 2017**