



**Certified Public Accountants, A.C.**

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
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104 South Sugar St.  
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# Dave Yost • Auditor of State

Board of Trustees  
Granville Recreation District  
P. O. Box 483  
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Granville Recreation District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Granville Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

October 5, 2018

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**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

July 31, 2018

Granville Recreation District  
Licking County  
P.O. Box 483  
Granville, Ohio 43023

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 **Granville Recreation District**, Licking County, (the District) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code 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 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, 2017 and 2016, 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 cash balances, receipts and disbursements by fund type and related notes of Granville Recreation District, Licking County as of December 31, 2017 and 2016, and 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 July 31, 2018, 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



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 424,643	\$ -	\$ 424,643
Intergovernmental	25,926	-	25,926
Charges For Service	325,026	-	325,026
Miscellaneous	8,062	168,724	176,786
<i>Total Cash Receipts</i>	<u>783,657</u>	<u>168,724</u>	<u>952,381</u>
<b>Cash Disbursements</b>			
Current:			
Leisure Time Activities	762,673	-	762,673
Basic Utility Service	8,644	-	8,644
General Government	2,681	-	2,681
Capital Outlay	-	56,945	56,945
Debt Service:			
Principal Retirement	9,308	-	9,308
Interest and Fiscal Charges	1,065	-	1,065
<i>Total Cash Disbursements</i>	<u>784,371</u>	<u>56,945</u>	<u>841,316</u>
<i>Net Change in Fund Cash Balances</i>	<u>(714)</u>	<u>111,779</u>	<u>111,065</u>
<i>Fund Cash Balances, January 1</i>	<u>5,183</u>	<u>-</u>	<u>5,183</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	111,779	111,779
Unassigned	4,469	-	4,469
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,469</u>	<u>\$ 111,779</u>	<u>\$ 116,248</u>

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

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 – Reporting Entity**

The Granville Recreation District (the District) was organized as a recreation district in February 2009 under the laws of the State of Ohio. The District has its own five-member Board of Trustees with one member appointed by the Village of Granville, one member appointed by Granville Township, and one member appointed by the Granville Exempted Village School District. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the District is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The District also determines and operates under its own budget. Control and management of the District is governed by chapter 755 of the Ohio Revised Code with the administration of the day-to-day operations of the District being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Trustees.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the District has no related organizations or jointly governed organizations.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board; and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; The District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has no component units.

***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 7 to the financial statements provides 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.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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

***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.

***Capital Project Fund*** The capital projects fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure specifically for major capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***Parks and Recreation*** Revenues and expenditures are for the renovation of the Wildwood Park playground.

***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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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

***Deposits and Investments***

The District'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.

The District values common stock at fair value.

***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.

***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.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 3 – Noncompliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Capital Projects Funds by \$906,667 and \$402,943, respectively, for the year ended December 31, 2017. Also contrary to Ohio law, at December 31, 2017, the District's estimated receipts had not been certified by the county.

**Note 4 – Budgetary Activity**

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 783,657	\$ 783,657
Capital Projects	-	168,724	168,724
Total	\$ -	\$ 952,381	\$ 952,381

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 906,667	\$ 795,461	\$ 111,206
Capital Projects	402,943	68,035	334,908
Total	\$ 1,309,610	\$ 863,496	\$ 446,114

**Note 5 – Deposits and Investments**

The District maintains a deposit and investment 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:

	2017
Demand deposits	\$ 111,214
Total deposits	111,214
Common stock at fair value	5,034
Total investments	5,034
Total deposits and investments	\$ 116,248

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation.

**Investments**

The District received a donation of shares of common stock on December 29, 2017. These shares were immediately sold, but due to the timing of the donation the shares had not been sold by December 31, 2017.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

**Note 7 - Risk Management**

***Risk Pool Membership***

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most employees and elected officials 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. For 2017, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

**Note 9 – 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 OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Dump Truck Loan	\$ 13,245	5.50%
Total	\$ 13,245	

The District was issued a loan to purchase a dump truck in the amount of \$36,953 in 2015.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Dump Truck Loan
2018	\$ 10,330
2019	3,443
Total	\$ 13,773

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$ 394,343
Intergovernmental	51,341
Charges For Service	283,326
Miscellaneous	9,427
<i>Total Cash Receipts</i>	<i>738,437</i>
<b>Cash Disbursements</b>	
Current:	
Leisure Time Activities	773,944
Basic Utility Service	10,801
General Government	5,995
Debt Service:	
Principal Retirement	8,800
Interest and Fiscal Charges	1,530
<i>Total Cash Disbursements</i>	<i>801,070</i>
<i>Net Change in Fund Cash Balance</i>	<i>(62,633)</i>
<i>Fund Cash Balance, January 1 (Restated, see Note 11)</i>	<i>67,816</i>
<b>Fund Cash Balance, December 31</b>	
Unassigned	5,183
<i>Fund Cash Balance, December 31</i>	<i>\$ 5,183</i>

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



**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 1 – Reporting Entity**

The Granville Recreation District (the District) was organized as a recreation district in February 2009 under the laws of the State of Ohio. The District has its own five-member Board of Trustees with one member appointed by the Village of Granville, one member appointed by Granville Township, and one member appointed by the Granville Exempted Village School District. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the District is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The District also determines and operates under its own budget. Control and management of the District is governed by chapter 755 of the Ohio Revised Code with the administration of the day-to-day operations of the District being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Trustees.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the District has no related organizations or jointly governed organizations.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board; and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has no component units.

***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 7 to the financial statements provides 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 statement of receipts, disbursements and changes in fund balance (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.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 4.

***Deposits and Investments***

The District'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.

***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.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

***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.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees 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 Trustees 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 General Fund by \$876,152 for the year ended December 31, 2016. Also contrary to Ohio law, at December 31, 2016, the District's estimated receipts had not been certified by the county.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 4 – Budgetary Activity**

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

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 738,437	\$ 738,437
Total	\$ -	\$ 738,437	\$ 738,437

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 876,152	\$ 808,013	\$ 68,139
Total	\$ 876,152	\$ 808,013	\$ 68,139

**Note 5 – Deposits and Investments**

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

	2016
Demand deposits	\$ 5,183
Total deposits	\$ 5,183

***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 Trustees 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.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 7 - Risk Management**

***Risk Pool Membership***

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most employees and elected officials 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. For 2016, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

**GRANVILLE RECREATION DISTRICT**  
*LICKING COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 9 – 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 OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 10 – Debt**

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Dump Truck Loan	\$ 22,553	5.50%
Total	\$ 22,553	

The District was issued a loan to purchase a dump truck in the amount of \$36,953 in 2015.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Dump Truck Loan
2017	\$ 10,330
2018	10,330
2019	3,443
Total	\$ 24,103

**Note 11 – Prior Period Restatement**

The beginning fund balance of the General Fund was restated to account for voided checks.

	General Fund
December 31, 2015 audited balances	\$ 64,360
Adjustment to account for voided checks	3,456
January 1, 2016 balances	\$ 67,816



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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**

July 31, 2018

Granville Recreation District  
Licking County  
P.O. Box 483  
Granville, Ohio 43023

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 **Granville Recreation District**, Licking County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 31, 2018, 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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 through 2017-004 to be material weaknesses.

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### **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 are described in the accompanying schedule of audit findings as items 2017-003 and 2017-004.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 31, 2018.

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

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

### **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



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2017-001**

**Material Weakness**

**Financial Reporting**

Sound financial reporting is the responsibility of the District's Fiscal Officer and Board of Trustees and is essential to ensure that the information which is provided to the readers of the financial statements is complete and accurate.

The District established a Parks and Recreation Capital Projects Fund in 2017. This fund used improper coding that caused the fund's activity to be stated as a Special Revenue Fund. The financial statements reflect this adjustment of the fund to Capital Projects fund type. The District has made this adjustment in its accounting system.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the:

- Debt note for principal balance remaining and amortization schedules;
- Deposits note to agree cash balance to financials;
- Summary of Significant Accounting Policies to include description of Parks and Recreation Fund;
- Risk Management note to add Ohio Plan Risk Management, Inc. information;
- Budgetary Activity note to agree to financials;
- Postemployment Benefits to agree to template.

The District should implement procedures to provide for and to verify the proper classification of funds in the financial statements. Financial statement reporting errors inhibit the users' understanding of the financial position at fiscal year-end and the activity during the year. By not properly reporting the fund types, incorrect use of available funds could be made. We also recommend the District use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate financial report.

**Management's Response** – We will utilize the available templates for the financial statements and notes to the financial statements on the Auditor of State's website to prepare future financial reports.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-002**

**Material Weakness**

**Posting Disbursements**

The District should have procedures and controls in place to help prevent and detect errors in financial reporting. The following errors were identified on the financial statements:

- Debt payments were classified as Leisure Time Activities rather than Principal and Interest in the accounting system

The District should implement procedures to monitor the recording of revenue to the correct line item classification on the annual financial report.

**Management's Response** – We will implement procedures to help ensure the recording of transactions are to correct budget line.

**FINDING NUMBER 2017-003**

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.36(A)(1)** states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

We noted the District did not certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year for the years ended December 31, 2017 and 2016.

We recommend the District take the necessary steps to certify their budgetary documents to the County Auditor on or before the required date. We also recommend the District prepare the required documents and use due care in monitoring its budgetary documents since these documents are an integral part of the budgetary control process. The District should integrate the budgetary documents into the computer system. Failure to properly monitor budgetary activity on a regular basis could result in negative fund balances. We recommend that the District monitor budgetary activity on a regular basis and obtain amended certificates as needed. The District should refer to the Ohio Compliance Supplement for guidance on the legal budgetary process.

**Management's Response** – We will certify to the County Auditor the annual budgetary activity on a regular basis. As the District does not receive any funds through the County, the District does not request the estimated resources for the General Fund or Capital Project Fund to be certified by the County. The auditor's finding is based on no estimated resources being certified by the County Auditor. The District's non-County Auditor certified estimated resources for the General Fund did exceed appropriations in 2017 and 2016 and the Capital Project Fund in 2017. We monitor appropriations and estimated resources throughout the year.

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-004

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.39** states in part that the total appropriations from each fund should not exceed the total estimated revenue.

Appropriations in the General Fund exceeded estimated resources in 2017 and 2016 in the amounts of \$906,667 and \$876,152, respectively. Also, appropriations in the Capital Project Fund exceeded estimated resources in the amount of \$402,943 in 2017.

Appropriating more money than expected or actually received could lead to negative fund balances and monies being used to cover expenses being charged to inappropriate funds or lines items. It could also, lead to commitments being made without sufficient funds to pay for those commitments.

**Management's Response** – As the District does not receive any funds through the County, the District did not request the estimated resources for the General Fund or Capital Project Fund to be certified by the County. The auditor's finding is based on no estimated resources being certified by the County Auditor. The District's non-County Auditor certified estimated resources for the General Fund did exceed appropriations in 2017 and 2016 and the Capital Project Fund in 2017. We monitor appropriations and estimated resources throughout the year.

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# Dave Yost • Auditor of State

**GRANVILLE RECREATION DISTRICT**

**LICKING 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 18, 2018**