



Dave Yost • Auditor of State



**ROSS COUNTY PARK DISTRICT  
ROSS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ross County Park District  
Ross County  
15 North Paint Street  
Chillicothe, Ohio 45601

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Ross County Park District, Ross County, Ohio (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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 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, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Ross County Park District, Ross County as of December 31, 2017 and 2016, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 20, 2018

**ROSS COUNTY PARK DISTRICT**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Balances (Cash Basis)**  
**For the Year Ended December 31, 2017**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$323,156	0	\$323,156
Donations	755	550	1,305
Other	4,662	0	4,662
Total Cash Receipts	<u>328,573</u>	<u>550</u>	<u>329,123</u>
<b><u>Cash Disbursements:</u></b>			
Salaries	143,223	0	143,223
Fringe Benefits	58,408	0	58,408
Supplies	7,953	9,381	17,334
Contract Services	24,612	16,261	40,873
Utilities	8,175	0	8,175
Capital Outlay	121,013	0	121,013
Parks and Trail Maintenance	20,234	0	20,234
Other	6,020	1,962	7,982
Total Cash Disbursements	<u>389,638</u>	<u>27,604</u>	<u>417,242</u>
Total Cash Receipts Over (Under) Disbursements	(61,065)	(27,054)	(88,119)
Fund Cash Balances - January 1	<u>94,853</u>	<u>61,013</u>	<u>155,866</u>
Restricted	0	33,959	33,959
Assigned	33,788	0	33,788
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Fund Cash Balances - December 31	<u><u>\$33,788</u></u>	<u><u>\$33,959</u></u>	<u><u>\$67,747</u></u>

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

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**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies**

Description of the Entity

The Ross County Park District, Ross County, Ohio (the District), 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 Ross County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board of Commissioners 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.

Ross County serves as fiscal agent for the District.

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

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.

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the 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 District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

As the Ohio Revised Code permits, the Ross County Treasurer is the custodians of the District's deposits. The County holds the District's assets in its deposit and investment pool, valued at the County Treasurer's reported carrying amount.

Fund Accounting

The District uses fund accounting to segregate cash amounts that are restricted as to use. The District classifies its funds into the following types:

*General Fund* - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies** - (continued)

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

*Buzzards Roost Expansion Fund* - The fund received grant monies from the Ohio Department of Natural Resources for park expansion and enhancements.

*Adena Recreational Trail Fund* - The fund received grant monies from the Ohio Department of Natural Resources for trail creation.

**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 Commissioners 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 also 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 cancelled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 2.

**Fund Balances**

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.

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies** - (continued)

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 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.

**Property, Plant and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**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.

**Note 2 – Budgetary Activity**

The District’s budgetary activity for the years ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$324,793	\$328,573	\$3,780
Special Revenue	0	550	550
<i>Total</i>	\$324,793	\$329,123	\$4,330

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 2 – Budgetary Activity** - (continued)

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$429,569	\$389,638	\$39,931
Special Revenue	52,997	27,604	25,393
<i>Total</i>	\$482,566	\$417,242	\$65,324

**Note 3- Retirement Systems**

The 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 plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent, respectively, of participants’ gross salaries. The District has paid all contributions required through December 31, 2017.

**Note 4 – Risk Management**

*Commercial Insurance*

The District has obtained commercial insurance for the following risks:

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

**Note 5 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 6 – Fund Cash Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental fund and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for</b>			
Adena Recreational	\$0	\$25,011	\$25,011
Buzzards Roost	0	8,948	8,948
Total Restricted	0	33,959	33,959
<b>Assigned to</b>			
Subsequent Year Appropriations	30,853	0	30,853
Other Purposes	2,935	0	2,935
Total Assigned	33,788	0	33,788
Unassigned	0	0	0
Total Fund Balances	<u>\$33,788</u>	<u>\$33,959</u>	<u>\$67,747</u>

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**ROSS COUNTY PARK DISTRICT**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Balances (Cash Basis)**  
**For the Year Ended December 31, 2016**

	Governmental Fund Types		
	General	Special Revenue	Totals
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$274,933	0	\$274,933
Donations	1,275	1,156	2,431
Other	2,200	0	2,200
Total Cash Receipts	<u>278,408</u>	<u>1,156</u>	<u>279,564</u>
<b><u>Cash Disbursements:</u></b>			
Salaries	89,525	0	89,525
Fringe Benefits	31,963	0	31,963
Supplies	678	0	678
Contract Services	22,228	0	22,228
Contract Repairs	6,168	0	6,168
Utilities	5,096	0	5,096
Capital Outlay	64,819	0	64,819
Other	20,317	0	20,317
Total Cash Disbursements	<u>240,794</u>	<u>0</u>	<u>240,794</u>
Total Cash Receipts Over (Under) Disbursements	37,614	1,156	38,770
Fund Cash Balances - January 1	<u>57,239</u>	<u>59,857</u>	<u>117,096</u>
Restricted	0	61,013	61,013
Assigned	94,853	0	94,853
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Fund Cash Balances - December 31	<u><u>\$94,853</u></u>	<u><u>\$61,013</u></u>	<u><u>\$155,866</u></u>

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

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**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**Description of the Entity**

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These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Deposits and Investments**

As the Ohio Revised Code permits, the Ross County Treasurer is the custodians of the District's deposits. The County holds the District's assets in its deposit and investment pool, valued at the County Treasurer's reported carrying amount.

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**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 1 – Summary of Significant Accounting Policies** - (continued)

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

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**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 Commissioners 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 also 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 cancelled, and re-appropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 2.

**Fund Balances**

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.

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**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.

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 1 – Summary of Significant Accounting Policies** - (continued)

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 Commissioners or a District official delegated that authority by resolution, or by State Statute.

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**Property, Plant and Equipment**

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**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.

**Note 2 – Budgetary Activity**

The District’s budgetary activity for the years ending December 31, 2016 was as follows:

2016 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,000	\$278,408	\$38,408
Special Revenue	0	1,156	1,156
<i>Total</i>	\$240,000	\$279,564	\$39,564

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
	Budgeted Receipts	Actual Receipts	Variance
General	\$292,675	\$251,870	\$40,805
Special Revenue	0	0	0
<i>Total</i>	\$292,675	\$251,870	\$40,805

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 3- Retirement Systems**

The 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 plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

**Note 4 – Risk Management**

*Commercial Insurance*

The District has obtained commercial insurance for the following risks:

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

**Note 5 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**ROSS COUNTY PARK DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 6 – Fund Balances**

Fund balance is classified as Nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental fund and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for</b>			
Adena Recreational	\$0	\$30,757	\$30,757
Buzzards Roost	0	30,256	30,256
Total Restricted	0	61,013	61,013
<b>Assigned to</b>			
Subsequent Year Appropriations	83,777	0	83,777
Other Purposes	11,076	0	11,076
Total Assigned	94,853	0	94,853
Unassigned	0	0	0
Total Fund Balances	<u>\$94,853</u>	<u>\$61,013</u>	<u>\$155,866</u>

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# Dave Yost • Auditor of State

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

Ross County Park District  
Ross County  
15 North Paint Street  
Chillicothe, Ohio 45601

To the Board of Directors:

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 Ross County Park District, Ross 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 June 20, 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

### ***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

[www.ohioauditor.gov](http://www.ohioauditor.gov)

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***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 report is not suitable for any other purpose.

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

June 20, 2018



**ROSS COUNTY PARK DISTRICT  
ROSS COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs.

Governmental Accounting Standards Board (GASB) statement number 54 requires entities to classify fund balances based on constraints placed upon the use of resources reported in governmental funds. Auditor of State Bulletin 2011-004, page 11, states that "Those local governments preparing . . . regulatory statements should implement both the new fund balance classifications and the governmental fund type definitions. . . A failure to follow these classifications would usually preclude auditors from expressing an unqualified opinion on the statements."

We noted the following conditions related to the Township's financial report:

- Encumbrances outstanding at year end in the General fund were not classified as assigned fund balance.
  
- The Township did not classify year end General fund balances as assigned for the amount of the subsequent year appropriations in excess of the subsequent year estimated resources.

The above resulted in the District incorrectly classifying the year end General fund balances as unassigned instead of assigned in the amount of \$94,853 and \$3,407 at December 31, 2016 and 2017 respectively.

The District corrected the financial statements.

Failure to accurately classify fund balances could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

We recommend that the District review the GASB 54 statement and classify fund balances in accordance with the GASB 54 statement when preparing the financial statements. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

**FINDING NUMBER 2017-001  
(Continued)**

**Officials' Response:**

The Ross County Park District currently and has always practiced sound financial reporting. With the assistance of the Ross County Auditor's Office, the District's accounting records have been maintained appropriately and accurately. This adjustment is the result of applying GASB reporting policies to the District's cash accounting records. The District's cash accounting system has recorded all cash transactions and the cash balances reported are correct. This adjustment only reclassifies amounts reported by the District and does not adjust any cash transactions recorded in its accounting system. This adjustment is the result of appropriations exceeding estimated resources at the beginning of the year therefore, that amount should have been assigned fund balance instead of unassigned as reported by the District. The amounts reported by the District as fund balances were accurate, but were misclassified in the financial statements. The District has spoken with the Ross County Auditor and with the accounting firm used to prepare the financial statement concerning this issue. The District will monitor this situation in the future so no similar misclassifications are made in the preparation of the financial statements.



# Dave Yost • Auditor of State

**ROSS COUNTY PARK DISTRICT**

**ROSS 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  
JULY 5, 2018**