



Dave Yost • Auditor of State

WARREN PARK DISTRICT
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren Park District
Jefferson County
PO Box 133
Tiltonsville, Ohio 43963

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 Warren Park District, Ohio (the "District") as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 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, 2016 and 2015, 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 Warren Park District, as of December 31, 2016 and 2015, 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.

Emphasis of Matter

As discussed in Notes 9 to the financial statements, the District had General fund deficit balances of (\$158,879) and (\$118,979) as of December 31, 2016 and 2015, respectively. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the December 31, 2015 financial statements, the District has restated the cash fund balance of the General Fund as of December 31, 2014 to reflect correct cash balance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 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.

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

January 17, 2018

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Warren Park District
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Debt Service	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	33,376		33,376
Charges for Services	23,566		23,566
Intergovernmental	18,838		18,838
Miscellaneous	6,050		6,050
<i>Total Cash Receipts</i>	<u>81,830</u>	-	<u>81,830</u>
Cash Disbursements			
Current:			
Salaries	41,905		41,905
Fringe Benefits	15,521		15,521
Purchased Services	31,703		31,703
Other	4,751		4,751
Capital Outlay	27,850		27,850
<i>Total Cash Disbursements</i>	<u>121,730</u>	-	<u>121,730</u>
<i>Net Change in Fund Cash Balances</i>	(39,900)	-	(39,900)
<i>Fund Cash Balances, January 1</i>	<u>(118,979)</u>	<u>246,181</u>	<u>127,202</u>
Fund Cash Balances, December 31			
Assigned	-	246,181	246,181
Unassigned (Deficit)	<u>(158,879)</u>	-	<u>(158,879)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(158,879)</u></u>	<u><u>246,181</u></u>	<u><u>87,302</u></u>

See accompanying notes to the basic financial statements

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Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Warren Township Park District (the District), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Jefferson County approves a three-member Board of Commissioners to govern the District. The Commissioners are authorized to develop, protect, maintain, and improve park lands and facilities. The Commissioners are also responsible for activities related to maintaining and operating public swimming pools on the property.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Fund: Pool Levy Fund used to pay debt occurred for the construction of a swimming pool. Debt is paid off but the remaining balance needs to be officially released.

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.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agen16 funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

Budgeting was not completed for year-end 2016.

Deposit 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.

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.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$121,730 for the year ended December 31, 2016. Also contrary to Ohio law, at December 31, 2016, the General fund had a cash deficit balance of \$158,879.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$81,830	\$81,830
Debt Service	0	0	0
Total	\$0	\$81,830	\$81,830

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$121,730	(\$121,730)
Debt Service	0	0	0
Total	\$0	\$121,730	(\$121,730)

Note 5 – Deposits and Investments

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

	2016
Demand deposits	\$87,302
Total deposits	87,302

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Public Entities Pool of Ohio

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	2016
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	\$28,785,581

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 7 – Risk Management (Continued)

The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government’s share of these unpaid claims collectible in future years is approximately \$3,512.00.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2016 Contributions to PEP \$5,574.00

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

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

Note 9 - Financial Distress

As of December 31, 2016, the District had a General fund deficit of (\$158,879). As of the date of the auditor’s opinion, management has not developed plans to address these conditions.

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Warren Park District
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Debt Service	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	34,124		34,124
Charges for Services	24,804		24,804
Intergovernmental	20,140		20,140
Miscellaneous	25,071		25,071
<i>Total Cash Receipts</i>	104,139	-	104,139
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	31,918		31,918
Fringe Benefits	12,210		12,210
Purchased Services	38,080		38,080
Other	1,189		1,189
Capital Outlay	26,250		26,250
<i>Total Cash Disbursements</i>	109,647	-	109,647
<i>Net Change in Fund Cash Balances</i>	(5,508)	-	(5,508)
<i>Fund Cash Balances, January 1 (Restated)</i>	(113,471)	246,181	132,710
Fund Cash Balances, December 31			
Assigned	-	246,181	246,181
Unassigned (Deficit)	(118,979)	-	(118,979)
<i>Fund Cash Balances, December 31</i>	(118,979)	246,181	127,202

See accompanying notes to the basic financial statements

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Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Warren Township Park District (the District), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Jefferson County approves a three-member Board of Commissioners to govern the District. The Commissioners are authorized to develop, protect, maintain, and improve park lands and facilities. The Commissioners are also responsible for activities related to maintaining and operating public swimming pools on the property.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Fund: Pool Levy Fund used to pay debt occurred for the construction of a swimming pool. Debt is paid off but the remaining balance needs to be officially released.

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.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

Budgeting was not completed for year-end 2015.

Deposit 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.

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.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 \$109,647 for the year ended December 31, 2015. Also contrary to Ohio law, at December 31, 2015, the General fund had a cash deficit balance of (\$118,979).

Note 4 - Budgetary Activity

Budgetary activity for the years ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$104,139	\$104,139
Debt Service	0	0	0
Total	\$0	\$104,139	\$104,139

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$109,647	(\$109,647)
Debt Service	0	0	0
Total	\$0	\$109,647	(\$109,647)

Note 5 – Deposits and Investments

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

	2015
Demand deposits	\$127,202
Total deposits	127,202

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Public Entities Pool of Ohio

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

	2015
Assets	\$38,307,677
Liabilities	(12,759,127)
Net Position	\$25,548,550

Warren Park District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 7 – Risk Management (Continued)

At December 31, 2015 the liabilities above include approximately 11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool’s membership increased to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government’s share of these unpaid claims collectible in future years is approximately \$3,339.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2015 Contributions to PEP
\$5,300

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2015.

Note 9 - Financial Distress

As of December 31, 2015, the District had a General fund deficit of (\$118,979). As of the date of the auditor’s opinion, management has not developed plans to address these conditions.

Note 10 – Restatement of Cash Fund Balances

The Village has restated the cash fund balances of the General Fund to reflect the following:

	General Fund
Fund cash balances as previously reported at December 31, 2014	(103,297)
Error carried forward as reconciling item since 2009	(10,174)
Restated fund cash balances at December 31, 2014	(\$113,471)

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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

Warren Park District
Jefferson County
P.O. Box 133
Tiltonsville, Ohio 43963

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 Warren Park District,, (the "District") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 17, 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. We also noted the District had General fund deficit balances of (\$158, 879) and (\$118,979) as of December 31, 2016 and 2015 respectively. In addition, we noted the 12/31/2014 General Fund Balance was restated.

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 opinions 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 2016-001 to be a material weakness.

Compliance and Other Matters

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

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

January 17, 2018

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Bank Reconciliation

The District Fiscal Officer did not prepare accurate monthly bank to book reconciliations for all of 2015 and 2016. As a result, the District was declared unauditible on July 31, 2017. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the support for the reconciliations such as reconciling items and document the reviews.

FINDING NUMBER 2016-002

Noncompliance- Deficit Balances

Ohio Rev. Code § 5705.10(I) states, in part, that money paid into any fund shall be used only for purposes for which said fund is established.

The General Fund had a deficit balance of \$118,979 and \$158,879 at December 31, 2015 and 2016, respectively. This is an indication that money from another fund has been used to pay the obligations of the General Fund.

The Board should review the District's finances and formulate a plan for the elimination of the deficit balance.

FINDING NUMBER 2016-003

Noncompliance – Appropriations

Ohio Rev. Code § 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Rev. Code § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The District did not adopt an appropriation measure for 2015 or 2016. Expenditures are limited by the appropriations established for each fund; therefore, all expenditures made by the District in 2015 (\$109,647) and in 2016 (\$121,730) were not in compliance with the Ohio Revised Code.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending.

The District should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to the Park Board approved appropriations for each fund.

Official's Response: No responses received from officials.

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Dave Yost • Auditor of State

WARREN PARK DISTRICT

JEFFERSON 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
FEBRUARY 6, 2018