



OHIO AUDITOR OF STATE
KEITH FABER



O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY
DECEMBER 31, 2017 AND 2016

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

O.O. McIntyre Park District
Gallia County
18 Locust Street, Room 1262
Gallipolis, Ohio 45631

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the O.O. McIntyre Park District, Gallia County, Ohio (the Park 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 § 117.38 and Ohio Administrative Code § 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 Park 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 Park 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 Park District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 Park 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 § 117.38 and Ohio Administrative Code § 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 Park 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 O.O. McIntyre Park District, Gallia County, Ohio as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 January 24, 2019, on our consideration of the Park 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 Park District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2019

O.O. McIntyre Park District*Gallia 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)
Cash Receipts			
Property Taxes	\$367,057	\$0	\$367,057
Charges for Services	18,885	0	18,885
Intergovernmental	39,320	0	39,320
Earnings on Investments	0	2,047	2,047
Miscellaneous	6,014	177	6,191
<i>Total Cash Receipts</i>	<u>431,276</u>	<u>2,224</u>	<u>433,500</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	197,497	0	197,497
Fringe Benefits	95,068	0	95,068
Supplies	91,778	0	91,778
Equipment	27,684	0	27,684
Contract Services	40,248	0	40,248
Travel	4,405	0	4,405
Other	10,931	0	10,931
<i>Total Cash Disbursements</i>	<u>467,611</u>	<u>0</u>	<u>467,611</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,335)</u>	<u>2,224</u>	<u>(34,111)</u>
<i>Fund Cash Balances, January 1</i>	<u>53,482</u>	<u>325,381</u>	<u>378,863</u>
Fund Cash Balances, December 31			
Restricted	0	327,605	327,605
Unassigned (Deficit)	17,147	0	17,147
<i>Fund Cash Balances, December 31</i>	<u>\$17,147</u>	<u>\$327,605</u>	<u>\$344,752</u>

See accompanying notes to the basic financial statements

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O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The O.O. McIntyre Park District, Gallia 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 Gallia 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 may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types 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:

1. General Fund

The General Fund accounts for and reports all financial resources except those required to be accounted for 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.

2. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

- a) Replacement Fund – This fund receives earnings on investments. Funds are used to finance capital and equipment replacement needs.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. ***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.
2. ***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.
3. ***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 2017 budgetary activity appears in Note 4.

Deposit and Investments

As the Ohio Revised Code permits, the Gallia County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

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.

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.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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:

1. ***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
2. ***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.
3. ***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.
4. ***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.
5. ***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 Rev. Code § 5705.38, annual appropriations were not approved by the Board, contrary to Ohio Rev. Code § 5705.40, appropriation measures were amended without evidence of Board approval, and contrary to Ohio Rev. Code § 5705.41(B), expenditures exceeded appropriations in all funds.

Note 4 – Budgetary Activity

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

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$444,771	\$431,276	(\$13,495)
Capital Projects	32,328	2,224	(30,104)
Total	\$477,099	\$433,500	(\$43,599)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$467,611	(\$467,611)
Capital Projects	0	0	0
Total	\$0	\$467,611	(\$467,611)

Note 5 – 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.

Public utilities are also taxed on personal and real property located within the District.

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

Note 6 – Risk Management

The District is exposed to various risk of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Park District is covered under Gallia County’s Insurance Policy with County Risk Sharing Authority (CORSA), an insurance purchasing pool, for liability, property, and crime insurance. The CORSA program has a \$2,500.00 deductible. Health and life insurance are also available to District employees through Gallia County.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may allow. However, based on prior experience, management believes any refunds would be immaterial.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. 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.

Note 10 – Contingent Liabilities

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is on-going. The results of the investigation will be reported on at a later date.

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O.O. McIntyre Park District*Gallia 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$371,481	\$0	\$371,481
Charges for Services	17,598	0	17,598
Intergovernmental	38,968	0	38,968
Earnings on Investments	402	1,434	1,836
Miscellaneous	29,251	14,880	44,131
<i>Total Cash Receipts</i>	<u>457,700</u>	<u>16,314</u>	<u>474,014</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	216,433	0	216,433
Fringe Benefits	100,282	0	100,282
Supplies	91,516	0	91,516
Equipment	0	31,433	31,433
Contract Services	53,608	0	53,608
Travel	3,987	0	3,987
Other	11,084	0	11,084
<i>Total Cash Disbursements</i>	<u>476,910</u>	<u>31,433</u>	<u>508,343</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,210)</u>	<u>(15,119)</u>	<u>(34,329)</u>
<i>Fund Cash Balances, January 1</i>	<u>72,692</u>	<u>340,500</u>	<u>413,192</u>
Fund Cash Balances, December 31			
Restricted	0	325,381	325,381
Unassigned (Deficit)	53,482	0	53,482
<i>Fund Cash Balances, December 31</i>	<u>\$53,482</u>	<u>\$325,381</u>	<u>\$378,863</u>

See accompanying notes to the basic financial statements

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O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The O.O. McIntyre Park District, Gallia 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 Gallia 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 may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

1. General Fund

The General Fund accounts for and reports all financial resources except those required to be accounted for 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.

2. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

- a) Park District Trust Fund – This fund receives earnings on investments. Funds are used to finance capital improvements and repairs for the District.
- b) Replacement Fund – This fund receives earnings on investments. Funds are used to finance capital and equipment replacement needs.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. ***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.
2. ***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.
3. ***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.

Deposit and Investments

As the Ohio Revised Code permits, the Gallia County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

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.

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.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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:

1. ***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
2. ***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.
3. ***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.
4. ***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.
5. ***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 Rev. Code § 5705.40, appropriation measures were amended without evidence of Board approval and contrary to Ohio Rev. Code § 5705.41(B), expenditures exceeded appropriations in the General Fund by \$9,210 and in the Replacement Fund by \$31,433 for the year ended December 31, 2016.

Note 4 – Budgetary Activity

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

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2016

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$480,160	\$457,700	(\$22,460)
Capital Projects	17,732	16,314	(1,418)
Total	<u>\$497,892</u>	<u>\$474,014</u>	<u>(\$23,878)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$467,700	\$476,910	(\$9,210)
Capital Projects	0	31,433	(31,433)
Total	<u>\$467,700</u>	<u>\$508,343</u>	<u>(\$40,643)</u>

Note 5 – 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.

Public utilities are also taxed on personal and real property located within the District.

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

Note 6 – Risk Management

The District is exposed to various risk of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Park District is covered under Gallia County’s Insurance Policy with County Risk Sharing Authority (CORSA), an insurance purchasing pool, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible. Health and life insurance are also available to District employees through Gallia County.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may allow. However, based on prior experience, management believes any refunds would be immaterial.

O. O. McIntyre Park District
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. 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.

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OHIO AUDITOR OF STATE KEITH FABER



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

O.O. McIntyre Park District
Gallia County
18 Locust Street, Room 1262
Gallipolis, Ohio 45631

To the Board of Park Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the O.O. McIntyre Park District, Gallia County, Ohio (the Park 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 January 24, 2019, wherein we noted the Park District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Park 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 Park District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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 Park District's financial statements. We consider Findings 2017-001, 2017-004, and 2017-007 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2017-006 described in the accompanying Schedule of Findings to be a significant deficiency.

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www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether the Park 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 2017-001 through 2017-006.

Park District's Response to Findings

The Park District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Park 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 Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Park District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2019

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

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

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

FINDING NUMBER 2017-001

Noncompliance/Material Weakness

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialize by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Auditor of State's Office will require that expenditures of public funds for coffee, meals, refreshments, or other amenities have prior authorization by the appropriate legislative authority. If such prior authorization has been given, the Auditor of State’s Office will not question the expenditure in the course of an audit unless there is a clear indication that the legislative determination is arbitrary and incorrect.

During 2016 we noted the following expenditures without evidence of prior approval:

1. Check # 252541, dated March 24, 2016, to Walmart Community Payment Dept. in the amount of \$1,425.80, included the following expenditures:

<u>Date</u>	<u>Store</u>	<u>Item</u>	<u>Number Purchased</u>	<u>Price per unit</u>	<u>Total</u>
02/26/2016	Sam’s Club, Chillicothe	Coffee Creamer	1	\$5.98	\$5.98
		Pike Place Roast	2	34.98	69.96
		Dial Complete Foam	1	6.58	6.58
		DC Colombian SS cups	1	38.98	38.98
		Accent lights	2	19.98	39.96
		Honeywell shop lights	20	35.98	716.60
02/27/2016	Sam’s Club, Chillicothe	Cutlery Combo pack	2	9.96	19.92
		Supreme Plate 8-7/8"	3	10.98	32.94
		Pike Place Roast	1	34.98	34.98
		Axe Shower gel	1	9.38	9.38
		Old Spice Variety Pack	1	8.98	8.98
		Dial Complete Foam	1	6.58	6.58
		Red Cup 18 oz	1	10.48	10.48
		Cooling Gel pillow	2	29.98	59.96
		Accent lights	2	19.98	39.96

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

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

FINDING NUMBER 2017-001 (Continued)

Noncompliance/Material Weakness (Continued)

2. Check # 257891, dated September 8, 2016, to Ohio Valley Bank Co, including an interest charge of \$15.92. We also noted several Amazon orders were shipped to an employee's home rather than the Park or the Park Office.

3. Check # 259543, dated October 27, 2016, to Walmart Community Payment Dept. in the amount of \$1,582.74, included the following expenditures:

<u>Date</u>	<u>Store</u>	<u>Item</u>	<u>Number Purchased</u>	<u>Price per unit</u>	<u>Total</u>
09/16/2016	Sam's Club, Chillicothe	Afrin No Drip	1	\$9.88	\$9.88
		Downey Liquid	1	9.88	9.88
		Bounce Dryer Sheets	1	9.98	9.98
09/22/2016	Sam's Club, Chillicothe	American Singles	1	7.98	7.98
		Heiner Old Fashioned White	1	3.54	3.54
		Hot Dog buns 6"	2	2.38	4.76
		Hamburger buns 4"	2	2.48	4.96
		A1 Steak Sauce	2	7.98	15.96
		Montreal Steak Seasoning	1	6.98	6.98
		Salt	1	1.58	1.58
		90% Ground Beef	25.14	2.98	74.92
		90% Ground Beef Patty	5.14	3.18	16.35
		Beef Rib Eye Steak	13.96	8.98	125.37
		Iceburg Lettuce 2 ct	1	1.98	1.98
		Cutlery Fork Hvy Wt	1	8.98	8.98
		Ziploc Sandwich	1	9.96	9.96
		SBR Original 2 pk	1	5.78	5.78
		Fr Mustard 2-30 oz	1	4.88	4.88
		Coffee Creamer	2	5.68	11.36
		HV Ranch Dressing	1	9.98	9.98
		HZ Ketchup	1	7.68	7.68
		Romaine Blend Salad	2	2.97	5.94
		Supreme Plate 8-7/8"	3	10.98	32.94

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Noncompliance/Material Weakness (Continued)

		Steak N Chops	1	4.18	4.18
		Tossed Salad	1	1.98	1.98
		Pike Place Roast	2	32.98	65.96
		Ball Park Meat Frank	1	4.98	4.98
		Skinless Beef Franks	1	9.98	9.98
		Hellman's Mayo	1	8.88	8.88
		Sweet Red Onions	1	5.98	5.98
		Red Cup 18 oz	1	10.48	10.48
		Lightning/Car pk	1	19.88	19.88
		Lightning/ AC pk	1	19.88	19.88
		Bounty SAS White	2	19.98	39.96
		Charmin Ultra soft	2	20.98	41.96
		Tyson BS Chicken Brst	1	19.98	19.98
		HDB Prime Baked	1	2.98	2.98
		HMB Prime Baked	1	2.98	2.98
09/22/2016	Walmart, Gallipolis	Kft Italian 24 FO	2	2.64	5.28
		DSY Reg SR CRM 24 oz	4	2.84	11.36
		Vlasic Dill Stackers	1	2.32	2.32
		GV Elbows	2	2.92	5.84
		NYTT Seasoned Crouton	2	1.42	2.84
		GV 36oz Italian Dressing	1	3.18	3.18
		Cucumber Bulk HM	4	.50	2.00
		Potato Russet 8#	1	5.94	5.94
		GV Soup Spoons	1	1.57	1.57
		Heinz White Vinegar 32	1	1.74	1.74
		GV SHR MEXTCO	1	7.94	7.94
		Lays Wavy Reg	1	3.98	3.98
		Lays BBQ	1	3.98	3.98
		Lays Sour Cream & On	1	3.98	3.98

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Noncompliance/Material Weakness (Continued)

		Funyuns Steakhouse	1	3.28	3.28
		Radish Bunch DFFF	1	.98	.98
		Lays Classic	1	2.50	2.50
		GV Real Bacon Pieces	1	4.98	4.98
		Tom Tasti-lee PBS	2	2.48	4.96
		GV 36 LRG A Egg	1	5.32	5.32
09/23/2016	Walmart, Gallipolis	MT Dew .5 Ltr 6P	2	2.5	5.00
		Dasani .5L 24 pk	1	4.98	4.98
		KF 14.6 Hickory	1	9.37	9.37
		KF 64 oz Lighter fluid	1	6.64	6.64
		BIC 1 PK BBQ MPL	1	3.14	3.14

During 2017, we noted the following expenditures without evidence of prior approval:

1. Check # 262792, dated February 23, 2017, to Walmart Community Pmt, Dept. in the amount of \$1,536.12 including the following expenditures:

<u>Date</u>	<u>Store</u>	<u>Item</u>	<u>Number Purchased</u>	<u>Price per unit</u>	<u>Total</u>
01/14/2017	Sam's Club, Chillicothe	Coffee Creamer	2	\$5.68	\$11.36
		Cascade Complete Gel 125	1	8.98	8.98
		Afrin No Drip	1	9.88	9.88
		Supreme Plate 8-7/8"	3	10.98	32.94
		JL Pounder Peppered	1	12.98	12.98
		Axe Shower Gel	1	9.38	9.38
		Chinet Comfort Cup	1	9.94	9.91
		Dial BW Triple Moist	1	8.98	8.98
		Dial Complete Foam	10	6.58	65.80
		Q-Tips 1530 ct	1	7.98	7.98
		Dove Men+Care BW	1	11.98	11.98

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Noncompliance/Material Weakness (Continued)

		JL Original	1	15.98	15.98
		Mars Fun Size variety	1	12.98	12.98
		Honeywell Shop Light	10	34.88	348.80
		36" cafe lights	4	49.98	199.92
		Pike Place 72 CT	3	42.98	128.94
		Dunkin Donuts 72 CT	2	42.98	85.96
01/14/2017	Walmart, Jackson	DVM DP CLN 18 OZ BW	2	5.47	10.94
		KLX Ultra Cube 4 pk	1	5.68	5.68
		KLX Lotion Flat 3 pk	1	4.48	4.48
		GV PRM 100 ct Forks	1	4.74	4.74
		GV PRM 100 ct spoons	1	4.74	4.74
		Dial BW Men HBDY	1	6.46	6.46
		EQ Cocoa Butter Gel	2	2.96	5.92
		BIOFRZ Pain Relief Gel	3	11.98	35.94
		BIOFRZ Pain Relief Spray	1	11.98	11.98

2. Check #263571, dated March 23, 2017, to Walmart Community Pmt. Dept. in the amount of \$300.50, including expenditures:

Date	Store	Item	Number Purchased	Price per unit	Total
02/25/2017	Walmart, Gallipolis	47-01 FD CHR Dash Kit	1	13.97	13.97
		Replacement Mast	1	8.97	8.97
		Pnk EL V2 AUX Cable	1	19.96	19.96
		CHG SYNC IP5/6 USB BL	1	24.96	24.96
		PION DEH-150MP - CD receiver	1	59.67	59.67
		PION 6X9 Speaker	1	64.97	64.97
		PION DEH-X6910BT - CD receiver	1	108.00	108.00

O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-001 (Continued)

Noncompliance/Material Weakness (Continued)

Scans of the Detail Expense Transaction ledger noted ten payments to Walmart in 2016 totaling \$11,724 and nine payments to Walmart in 2017 totaling \$8,546.

These expenditures were for items which could possibly be considered as not to be for a proper public purpose for the operation of a Park District and could result in a misuse of funds.

The Park Director and Board should review credit card expenditures in detail and document the purposes for expenditures to ensure items/services are purchased for proper public purposes.

Officials' Response: Will address in minutes that Executive Director is to review all expenditures made by credit card and report to Board at next meeting to assure all expenditures were for a proper public purpose. Also, the Park Board will place in the minutes what expenditures for coffee, meals, etc. can be prospectively made. All items ordered via internet/credit card will be shipped to the office.

FINDING NUMBER 2017-002

Noncompliance

Ohio Rev. Code § 121.22(A) states that public officials should take official action and conduct all deliberations upon official business only in open meetings unless the subject matter is specifically excepted by law. Ohio Rev. Code § 121.22(H) further states that a resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body.

While permanent appropriations were approved by the Board for 2016, there was no indication in the minutes of the amount of the appropriation resolution. In addition, budgetary measures and actions taken throughout 2016 and 2017 were not clearly recorded in the minutes.

The minutes also did not document approval of reimbursement of the Director's travel expenses which totaled \$3,987 in 2016 and \$4,408 in 2017.

In addition, the minutes were silent on the retirement of Joann Nibert as Administrative Assistant on September 30, 2016, the retirement party in her honor, and the employment of Lillian Rodgers as the new Administrative Assistant. The minutes also did not document the reason or the approval for a payment of a \$1,600 bonus to the Park Director on pay date September 2, 2016, for pay period ended August 19, 2016.

Failure to include all official actions in the minute record could result in the Park District issuing inaccurate information to the public, including misstated budgetary items in the financial statements, and lack of approval of payroll related items. Failure to adopt resolutions or other formal action in meetings open to the public may render the action taken as invalid.

The Board should take official action and conduct deliberations upon official business in open meetings, and record these actions clearly in the minute record.

Officials' Response: The Executive Director has been advised to be more inclusive of all park business and hiring in the monthly minutes and specifically address expenses to be reimbursed.

O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-003

Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

An appropriations measure was filed with the County Auditor for 2017, however, it was not signed by the Board and there was no indication in the minutes that the Board approved the appropriations measure. As a result, 100% of the 2017 expenditures were made absent of the legal appropriation authority.

The Park District Board should adopt an appropriation measure on or about the first day of each fiscal year. If the Board adopts a temporary measure, they should adopt a permanent measure no later than April 1. The approval of the appropriation measure should be documented in the Board minutes and a copy of the appropriation measure should be included in the minutes.

Officials' Response: Going forward the Executive Director has been advised to include in the minutes an appropriation measure to be effective on the first day of the fiscal year. The Board will approve and sign the appropriation measures as well as amendments or supplemental appropriation measures.

FINDING NUMBER 2017-004

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.40 provides, in part, that a subdivision may amend or supplement its appropriations measure provided the entity complies with the same provisions of law as are used in making the original appropriation. In addition, Ohio courts have held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a Park District Commission would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See *C.B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979); and, *Burkholder v. Lauder*, 6 Ohio Misc. 152, 216 N.E.2d (C.P. 1965).

During 2017 appropriations were reduced \$3,500 in the General fund Equipment line item on October 5, 2017 without the Board's approval.

During 2016, appropriations were increased without the Board's approval as follows:

- \$10,000 in the General fund Contract repairs line item on May 9, 2016.
- \$16,000 in the Park District Replacement fund Equipment line item on May 26, 2016.
- \$8,000 in the General fund Contract repairs line item on July 25, 2016.
- \$16,000 in the Park District Replacement fund Equipment line item on August 15, 2016.
- \$9,034 in the General fund Supplies line item on October 24, 2016.

O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-004 (Continued)

Noncompliance/Material Weakness (Continued)

Additionally, various line item transfers were made each year without the Board's approval.

These items were not documented in the minutes as approved by the Board or signed as approved by the Board. They were only signed as approved by the Director.

The Board should approve supplemental appropriations as they deem necessary and should verify such approval is clearly documented in the minutes.

Officials' Response: Going forward the Executive Director has been advised to include in the minutes an appropriation measure to be effective on the first day of the fiscal year. The Board will approve and sign the appropriation measures as well as amendments or supplemental appropriation measures.

FINDING NUMBER 2017-005

Noncompliance

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

Budgetary expenditures exceeded the appropriation authority in the General Fund by \$467,611 at December 31, 2017, as original permanent appropriations and appropriation amendments were not approved by the Board. Budgetary expenditures exceeded the appropriation authority in the General Fund by \$9,210 and in the Replacement Fund by \$31,433 at December 31, 2016 as appropriation amendments were not approved by the Board.

Failure to limit expenditures to appropriated amounts can result in overspending and negative fund balances.

The Board should approve original appropriation amounts as well as any amendments before filing with the County Auditor.

Officials' Response: Going forward the Executive Director has been advised to include in the minutes an appropriation measure to be effective on the first day of the fiscal year. The Board will approve and sign the appropriation measures as well as amendments or supplemental appropriation measures.

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-006

Noncompliance/Significant Deficiency

Ohio Admin. Code § 117-2-01(D)(3) and (5) state that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Admin. Code § 117-2-01(D)(4) states that when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Park District's staff did not allow for an adequate segregation of duties; the Park District's Administrative Assistant performed all accounting functions (except those performed by Gallia County, Fiscal Agent), including receipting, depositing, disbursing, and reconciling to the County Ledgers. It is, therefore, important that the Board monitor financial activity closely.

The Park Manager approves his own payroll as well as employees he would not have direct knowledge over such as the Director, Administrative Assistant, and Recreation Officer. Additionally, the Park Manager was paid \$6,454 in overtime in 2016 and \$11,762 in overtime in 2017. However, the Park Manager did not maintain any timesheets to indicate the number of hours of overtime worked per pay period. Nor was his overtime approved by the Park Director or Board.

The Park Director was paid \$1,600 in addition to his salary in 2016. There was no support provided or approval in the Board minutes for such compensation.

During review of the minutes we noted the Board only met six times in 2016 and seven times during 2017. Although the minutes did document a review of financial reports, the reports reviewed only provided summaries by line item. The Board did not receive Detail Revenue or Detail Expense reports which would allow them to have a better perspective on not only what the total revenue and expenditures by line item were, but also a transaction history to allow them better insight as to the sources of the revenues and the disposition of the expenditures. Additionally, the Board only reviews vouchers for payments greater than \$2,500 leaving a large number of payments not reviewed/approved by the Board.

These practices could result in expenditures which are not for a proper public purpose or not for the benefit of the Park District.

The Board should implement policies and procedures for reviewing and approving payroll prior to payment. The Park Manager should prepare a timesheets since he is overtime eligible to support actual hours worked. Adequate support should be maintained for additional payments such as the Director's \$1,600 bonus which should be approved by the Board and documented in the minute record. Also, the Park Director should approve the Administrative Assistant's payroll, Park Manager's payroll, and the Recreational Officer's payroll.

The Board should review detailed financial reports and budget versus actual information on a monthly basis. This review should be documented in the minute record and/or initialed and dated to evidence review. The Board should also make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-006 (Continued)

Noncompliance/Significant Deficiency (Continued)

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Park District. Additionally, all actions taken by the Board should be documented in the minute record related to financial reports, budgetary documents, etc.

Officials' Response: The Executive Director is to prepare and require time sheets to be submitted for all employees' hours, dates worked and sufficient document for overtime hours worked. The Board will be provided copies of time sheets for all overtime worked. The Board shall review the Executive Director's payroll records and time sheets.

FINDING NUMBER 2017-007

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 .A14 & .A16.

The following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2016:

- Rails to Trails (045) Fund balance and activity was reported as a Permanent Fund on the financial statements. This fund should be reported as a Capital Projects fund. Therefore, the Rails to Trails Fund beginning fund balance of \$16,754, Interest receipts of \$99, Miscellaneous receipts of \$80, and ending fund balance of \$16,753 was moved from a Permanent Fund to a Capital Projects Fund.
- Park District Trust (024) Fund balance and activity was reported as a Permanent Fund on the financial statements. This fund should be reported as a Capital Projects fund. Therefore, the Park District Trust Fund beginning fund balance of \$275,545, Interest receipts of \$5, Miscellaneous receipts of \$1,157, and ending fund balance of \$276,707 was moved from a Permanent Fund to a Capital Projects Fund.
- Park District Trust Fund Interest receipts of \$1,157 were incorrectly posted as Miscellaneous receipts.
- Park District Trust Fund ending balance of \$276,707 was incorrectly reported as Unassigned instead of Restricted.

**O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-007 (Continued)

Material Weakness (Continued)

- Replacement (028) Fund ending balance of \$9,276 was incorrectly reported as Unassigned instead of Restricted.
- Rails to Trails (045) Fund ending balance of \$16,753 was incorrectly reported as Unassigned instead of Restricted.
- Capital Improvement (022) Fund ending balance of \$22,645 was incorrectly reported as Unassigned instead of Restricted.

In addition, in 2016, the following errors were noted in Note 4 to the financial statements:

- Budgeted Receipts in the General Fund was understated \$10,121.
- Actual Receipts in the General Fund was overstated \$16,317.
- Budgeted Receipts in the Capital Projects Fund was overstated \$4,866.
- Actual Receipts in the Capital Projects Fund was understated \$16,235.
- Appropriation Authority in the General Fund was understated \$10,000.
- Appropriation Authority in the Capital Projects Fund was overstated \$63,354.
- Actual Expenditures in the Capital Projects Fund was understated \$31,433.

In 2017:

- Rails to Trails (045) Fund balance and activity was reported as a Permanent Fund on the financial statements. This fund should be reported as a Capital Projects fund. Therefore, the Rails to Trails Fund beginning fund balance of \$16,753, Interest receipts of \$215, and ending fund balance of \$16,968 was moved from a Permanent Fund to a Capital Projects Fund.
- Park District Trust (024) Fund balance and activity was reported as a Permanent Fund on the financial statements. This fund should be reported as a Capital Projects fund. Therefore, the Park District Trust Fund beginning fund balance of \$276,707, Interest receipts of \$1,808, and ending fund balance of \$278,515 was moved from a Permanent Fund to a Capital Projects Fund.
- Park District Trust Fund Miscellaneous receipts of \$177 were incorrectly posted as Interest receipts.
- Park District Trust Fund ending balance of \$278,515 was incorrectly reported as Unassigned instead of Restricted.
- Replacement (028) Fund ending balance of \$9,335 was incorrectly reported as Unassigned instead of Restricted.
- Rails to Trails (045) Fund ending balance of \$16,968 was incorrectly reported as Unassigned instead of Restricted.
- Capital Improvement (022) Fund ending balance of \$22,787 was incorrectly reported as Unassigned instead of Restricted.

In addition, in 2017, the following errors were noted in Note 4 to the financial statements:

- Budgeted Receipts in the General Fund was overstated \$57,932.
- Budgeted Receipts in the Capital Projects Fund was understated \$32,328.
- Actual Receipts in the Capital Projects Fund was understated \$2,224.
- Budgeted Expenditures in the General Fund was overstated \$501,750
- Actual Expenditures in the General Fund was understated \$36,335.

The audited financial statements reflect the above adjustments.

O.O. MCINTYRE PARK DISTRICT
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-007 (Continued)

Material Weakness (Continued)

The Director and the Administrative Assistant should review the Park District handbook for guidelines to ensure the financial statements are complete and accurate. The Director should also review Auditor of State Bulletin 2011-004 for proper reporting of fund balances.

Officials' Response: The Executive Director has reviewed this finding and been advised to follow the practices as suggested in said finding for future presentation of financial statement.

OHIO AUDITOR OF STATE KEITH FABER



O.O. MCINTYRE PARK DISTRICT

GALLIA 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 7, 2019**