



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**





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Columbus, Ohio 43215  
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Board of Trustees  
Granville Recreation District  
P.O. Box 483  
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Granville Recreation District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Granville Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 13, 2025

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**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Granville Recreation District, Licking County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

January 31, 2025

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Capital Projects	Combined Total
<b>Cash Receipts</b>			
Property Taxes	\$ 849,667	\$ -	\$ 849,667
Intergovernmental	56,405	- -	56,405
Charges for Services	550,738	- -	550,738
Miscellaneous	33,346	30,000	63,346
<i>Total Cash Receipts</i>	<u>1,490,156</u>	<u>30,000</u>	<u>1,520,156</u>
<b>Cash Disbursements</b>			
Current:			
Leisure Time Activities	1,369,226	5,000	1,374,226
Basic Utility Service	18,598	- -	18,598
General Government	12,101	- -	12,101
Capital Outlay	- -	914,620	914,620
<i>Total Cash Disbursements</i>	<u>1,399,925</u>	<u>919,620</u>	<u>2,319,545</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>90,231</u>	<u>(889,620)</u>	<u>(799,389)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Bonds	- -	720,593	720,593
Transfers In	- -	180,000	180,000
Transfers Out	<u>(180,000)</u>	- -	<u>(180,000)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(180,000)</u>	<u>900,593</u>	<u>720,593</u>
<i>Net Change in Fund Cash Balance</i>	<u>(89,769)</u>	<u>10,973</u>	<u>(78,796)</u>
<i>Fund Cash Balance, January 1 (Restated, See Note 14)</i>	<u>222,503</u>	<u>(332)</u>	<u>222,171</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 132,734</u>	<u>\$ 10,641</u>	<u>\$ 143,375</u>

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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### **Note 1 –Reporting Entity**

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

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

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

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

### **Public Entity Risk Pool**

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. The District's management believes these financial statements present all activities for which the District is financially accountable.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Fund Accounting***

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

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

***Fund Accounting (Continued)***

***Capital Projects Fund*** This funds accounts for and reports financial resources that are restricted, committed, or assigned to expenditure specifically for major capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

***Capital Projects Fund*** Revenues and expenditures associated with the paving project, and any other capital projects.

***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 (C). 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 (C) permit.

***Budgetary Process***

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

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

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

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

A summary of 2023 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

**Leases and SBITAs**

The District is the lessee on a lease (as defined by GASB 87) for office space under noncancelable leases. Lease disbursements are recognized when they are paid.

The District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

**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. For regulatory purposes, *nonspendable* fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the *nonspendable* portion of the corpus in permanent funds.

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Noncompliance**

Contrary to Ohio law, at December 31, 2023, the District's estimated receipts had not been certified by the county so, therefore, appropriations exceeded estimated resources in all of the District's funds.

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023, follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ -	\$ 1,490,156	\$ (1,490,156)
Capital Projects	-	930,593	(930,593)
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,420,749</b>	<b>\$ (2,420,749)</b>

  

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 1,642,900	\$ 1,595,489	\$ 47,411
Capital Projects	920,593	919,620	973
	<b>\$ 2,563,493</b>	<b>\$ 2,515,109</b>	<b>\$ 48,384</b>

**Note 5 – Deposits**

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

	2023
Demand deposits	\$ 143,375
<b>Total deposits</b>	<b>\$ 143,375</b>

**Deposits**

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 - Property Taxes and Tax Abatements**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 6 - Property Taxes and Tax Abatements (Continued)**

**Tax Abatements**

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments may have entered into abatement agreements that reduced the 2023 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$12,314 for the 2023 tax year.

**Note 7 – Interfund Balances**

**Advances**

There were no outstanding interfund advances as of December 31, 2023.

**Note 8 - Risk Management**

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 9 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District employees participate in 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 health care 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, 2023.

**Note 10 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 11 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
2023 Tax Anticipation Note	<u>\$ 720,593</u>	6.23%
Total	<u>\$ 720,593</u>	

On December 12, 2023 the District issued a Tax Anticipation Note for \$720,593. The interest rate is 6.23% and the loan matures in 2028. Payments begin in 2024.

***Amortization***

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

Year Ending December 31:	Tax	
	<u>Anticipation Note</u>	
2024	\$ 169,407	
2025	169,407	
2026	169,407	
2027	169,407	
2028	169,409	
Total	<u>\$ 847,037</u>	

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 12 – Contingent Liabilities**

In December of 2023, the District secured a loan from a bank to pay a vendor. From the loan proceeds the bank paid \$713,093 directly to the vendor by an electronic fund transfer. In January 2024, the vendor contacted the District claiming it had not received payment. In investigating the matter, it appears to the District's outside counsel that the vendor introduced a "bad actor" into email conversations with the District and other parties. That bad actor sent fraudulent wire instructions to the bank, resulting in the funds not going to the vendor. The District has been working with law enforcement, other government agencies, and its outside counsel since the fraud was discovered.

As of January 16, 2025, the District has received \$25,000 from their insurance company with an additional \$119,114 approved, but not yet received. The investigation is ongoing, and the district is unable to provide an evaluation of the likelihood of an unfavorable outcome nor can they provide an estimate of the amount or range of potential loss. The total amounts involved are: \$713,093 transferred to 'bad actor,' \$25,000 received from an insurance company with an additional \$119,114 forthcoming for legal and technical support reimbursement.

**Note 13 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Total
Outstanding Encumbrances	\$ 15,564	\$ 15,564
Total	<u>\$ 15,564</u>	<u>\$ 15,564</u>

The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Restatement of Beginning Fund Balance**

Fund balances were restated as of January 1, 2023 to account for voided checks.

	<b>General</b>	
	<b>Fund</b>	
Ending Fund Balance at 12/31/2022	\$ 216,961	
Voided Checks	5,542	
Restated Fund Balance 1/1/2023	<u>\$ 222,503</u>	

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Capital Projects	Combined Total
<b>Cash Receipts</b>			
Property Taxes	\$ 837,679	\$ -	\$ 837,679
Intergovernmental	56,114	-	56,114
Charges for Services	528,389	350	528,739
Miscellaneous	<u>10,057</u>	<u>30,550</u>	<u>40,607</u>
<i>Total Cash Receipts</i>	<u>1,432,239</u>	<u>30,900</u>	<u>1,463,139</u>
<b>Cash Disbursements</b>			
Current:			
Leisure Time Activities	1,249,588	13,293	1,262,881
Basic Utility Service	15,909	-	15,909
General Government	11,944	-	11,944
Capital Outlay	-	31,909	31,909
Debt Service:			
Principal Retirement	2,945	95,032	97,977
Interest and Fiscal Charges	<u>47</u>	<u>195</u>	<u>242</u>
<i>Total Cash Disbursements</i>	<u>1,280,433</u>	<u>140,429</u>	<u>1,420,862</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>151,806</u>	<u>(109,529)</u>	<u>42,277</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	108,425	108,425
Transfers Out	<u>(108,425)</u>	<u>-</u>	<u>(108,425)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(108,425)</u>	<u>108,425</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	<u>43,381</u>	<u>(1,104)</u>	<u>42,277</u>
<i>Fund Cash Balance, January 1 (Restated - See Note 14)</i>	<u>173,580</u>	<u>772</u>	<u>174,352</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 216,961</u>	<u>\$ (332)</u>	<u>\$ 216,629</u>

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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### **Note 1 –Reporting Entity**

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

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

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

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

### **Public Entity Risk Pool**

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. The District's management believes these financial statements present all activities for which the District is financially accountable.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Fund Accounting***

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

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Fund Accounting (Continued)***

***Capital Projects Fund*** This funds accounts for and reports financial resources that are restricted, committed, or assigned to expenditure specifically for major capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

***Capital Projects Fund*** Revenues and expenditures associated with the construction of Wildwood Playground, paving projects, and any other capital projects.

***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 (C). 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 (C) permit.

***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, *nonspendable* fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the *nonspendable* portion of the corpus in permanent funds.

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Noncompliance**

Contrary to Ohio law, at December 31, 2022, the District's estimated receipts had not been certified by the county so, therefore, appropriations exceeded estimated resources in all of the District's funds.

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ -	\$ 1,432,239	\$ (1,432,239)
Capital Projects	-	139,325	(139,325)
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,571,564</b>	<b>\$ (1,571,564)</b>

  

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 1,432,293	\$ 1,401,362	\$ 30,931
Capital Projects	150,000	140,429	9,571
<b>Total</b>	<b>\$ 1,582,293</b>	<b>\$ 1,541,791</b>	<b>\$ 40,502</b>

**Note 5 – Deposits**

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

	2022
Demand deposits	\$ 216,629
<b>Total deposits</b>	<b>\$ 216,629</b>

**Deposits**

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 - Property Taxes and Tax Abatements**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 - Property Taxes and Tax Abatements (Continued)**

**Tax Abatements**

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments may have entered into abatement agreements that reduced the 2022 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$8,550 for the 2022 tax year.

**Note 7 – Interfund Balances**

**Advances**

There were no outstanding interfund advances as of December 31, 2022.

**Note 8 - Risk Management**

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District employees participate in 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 health care 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, 2022.

**Note 10 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 11 – Debt**

On May 18, 2019 the District entered into a renewable loan to construct Wildwood Playground. The loan matured on May 18, 2022 and was paid in full.

On September 15, 2020, the District entered into a capital lease agreement with Kuhn Kubota to lease a utility vehicle. The prior audit balance at December 31, 2021 was incorrectly stated as \$3,274. The correct balance was \$2,945. The lease was paid off in 2022.

**Note 12 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Total
Outstanding Encumbrances	\$ 12,504	\$ 12,504
Total	<u>\$ 12,504</u>	<u>\$ 12,504</u>

**Granville Recreation District**  
**Licking County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 12 – Fund Balances (Continued)**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Restatement of Beginning Fund Balance**

Fund balances were restated as of January 1, 2022 to account for a receipt error.

	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>
Ending Fund Balance at 12/31/2021	\$ 500	\$ 272
Receipt Error	(500)	500
Restated Fund Balance 1/1/2022	<u>\$ -</u>	<u>\$ 772</u>

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

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Granville Recreation District, Licking County, (the District) and have issued our report thereon dated January 31, 2025, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2023-001 thru 2023-003 that we consider to be material weaknesses.

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Granville Recreation District  
Licking County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2023-002.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of audit findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

January 31, 2025

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness**

**Financial Reporting**

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

The District should have procedures and controls in place to help prevent and detect errors in financial reporting. The following errors were identified on the 2022 financial statements:

- In the Capital Projects fund, debt payments were classified as Capital Outlay rather than Principal and Interest in the accounting system.
- In the General fund, debt payments were classified as Accounting and Legal Fees and Equipment rather than Principal and Interest in the accounting system.

Not posting disbursements accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all disbursements are properly identified and classified on the financial statements.

**Management's Response –** *As reported, the payments accurately reflect the expenditures the GRD made in the period towards the referenced capital assets. The GRD will implement routine procedures to ensure that all disbursements are properly identified and classified on the financial statements.*

FINDING NUMBER 2023-002

**Material Weakness / Noncompliance**

**Budgetary Controls**

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

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the District making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violation of 5705.36(A)(1)** indicating the District did not submit a Certificate of Estimated Resources to the County Auditor in 2023 or 2022;
- **Violations of 5705.39** indicating appropriations cannot exceed estimated resources; and
- **Violations of 5705.41(D)** relating to expenditures having prior certification of availability of funds.

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

**FINDING NUMBER 2023-002 (Continued)**

**Budgetary Controls (Continued)**

Although the Board approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the District is complying with applicable sections. If The Board does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the District Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

The District did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the District Board and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the District Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the District implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – *As the District does not receive any funds through the County and the County does not have the GRD participate in the County Budget Commission process, the District does not request the estimated resources for the General Fund or Capital Project Fund to be certified by the County. The County does not allocate funds to the GRD, and it has no impact on the GRD's budget. The auditor's finding is based on no estimated resources being certified by the County Auditor, nonetheless, the GRD estimates resources annually and adjusts those estimates as appropriate. The District's estimated resources for the both the General Fund and the Capital Project fund did indeed exceed appropriations in 2023 and 2022. We monitor appropriations and estimated resources throughout the year. We will certify to the County Auditor the annual budgetary activity on a regular basis.*

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

**FINDING NUMBER 2023-003**

**Material Weakness**

**Security of Access to Accounts**

The District should be restricting access to sensitive information including bank account details to only authorized personnel. Failure to do so could result in a loss of assets.

In December of 2023, the District secured a bank loan to pay a vendor for paving work. The bank contacted the vendor to obtain the payment instructions. \$713,093 was paid directly from the bank to the vendor by an electronic fund transfer. In January 2024, the vendor contacted the District claiming it had never received payment. In investigating the matter, it appears to the District outside counsel that the vendor introduced a “bad actor” into email conversations with the District and other parties. That bad actor sent fraudulent wire instructions to the bank, resulting in the funds not going to the vendor. The District has been working with law enforcement, other government agencies, and its outside counsel once the fraud was discovered.

As of January 16, 2025 the District has received \$25,000 from their insurance company with an additional \$119,114 approved, but not yet received. The investigation is ongoing, and the district is unable to provide an evaluation of the likelihood of an unfavorable outcome nor can they provide an estimate of the amount or range of potential loss. The total amounts involved are: \$713,093 transfer to ‘bad actor’, \$25,000 received from insurance company with an additional \$119,114 forthcoming, resulting in a potential net loss of \$568,979.

Ohio governments are increasing falling victim to cybercrimes in the form of payment “re-direct” and business email compromise schemes. On March 9, 2023, the Auditor of State (AOS) issued an Advisory, alerting Ohio governments of an increase in cybercrime, providing guidance on what to look for as well as steps to prevent attacks. AOS Bulletin 2024-003 dated April 12, 2024 was issued in response to continuing reports of cybercrime activity and sets clear standards and expectations for Ohio governments and public employees regarding the handling of requests for payment re-directs. The Bulletin states that failure to follow the guidance in this Bulletin may result in an AOS finding when a loss occurs, and the employee is considered liable as a result of negligence or performing duties without reasonable care.

We recommend the District implement procedures per AOS Bulletin 2024-003 to ensure that access to sensitive District data be restricted and safeguarded. Failure to do so could result in potential findings for recovery being issued in future audits.

**Management’s Response –** *When the GRD was alerted in January 2024 from the vendor that the payment was not received, the GRD immediately took the steps on the Auditor of State’s website for potential victims of when victim of a cybercrime. The GRD reported the theft to the bank, local law enforcement, the FBI Internet Crime Complaint Center, Auditor of State, Adjutant General Cybersecurity, and Ohio Homeland Security & Infrastructure. In addition, GRD reported a claim with its insurance provider.*

*The GRD employees have completed Auditor of State cybersecurity training and are participating in continual trainings to be kept aware of fraud schemes to help prevent future occurrences. Policies and procedures have been reviewed and updated to help build additional layers of security against fraud. Employees have been educated about these changes. Security policies are being adopted to include information related to password management, data encryption, software updates and other security measures that employees should follow.*

*The GRD is also working with its financial institution in implementing additional layers of security such as check positive pay and ACH positive pay.*

*The GRD is now following the guidance in Auditor of State Bulletin 2024-003 which was issued after the date of the cybercrime incident.*

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Budgetary Controls – ORC 5705.39, 5705.41(B) & 5705.36(A) (1)	Not Corrected	Repeated as Finding 2023-002

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# OHIO AUDITOR OF STATE KEITH FABER



GRANVILLE RECREATION DISTRICT

LICKING COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/26/2025

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)