



OHIO AUDITOR OF STATE
KEITH FABER



FREDERICKTOWN RECREATION DISTRICT
KNOX COUNTY

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INDEPENDENT AUDITOR'S REPORT

Fredericktown Recreation District
Knox County
P.O. Box 86
Fredericktown, Ohio 43019

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of the Fredericktown Recreation District, Knox County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 Capital Projects Fund as of and for the years ended December 31, 2022 and 2021, 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.

Additional Opinion Qualification on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualifications* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the General and Special Revenue Funds for the years ended December 31, 2022 and 2021, and the related notes of the Fredericktown Recreation District, Knox County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 Fredericktown Recreation District, Knox County as of December 31, 2022 and 2021, 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 Additional Opinion Qualifications

There is not sufficient appropriate audit evidence to support the classification of January 1, 2021, December 31, 2021, and December 31, 2022 fund cash balances reported in the District's General and Special Revenue Funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Charges for Services and Rental Receipts are reported at \$38,865, and \$37,348 for the years ended December 31, 2022 and 2021, respectively, which are 12.9 percent of General Fund receipts for the year ended December 31, 2022, and 14.0 percent of General Fund receipts for the year ended December 31, 2021. Charges for Services and Rental Receipts are reported at \$110,199 and \$106,117 for the years ended December 31, 2022 and 2021 respectively, which is 100 percent of total Special Revenue Fund receipts for the year ended December 31, 2022, and 100 percent of total Special Revenue Fund receipts for the year ended December 31, 2021. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services and rental receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 *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.

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 October 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.

Fredericktown Recreation District
Knox County
Independent Auditor's Report
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KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 31, 2025

Fredericktown Recreation District
Knox 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	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 213,348	\$ -	\$ -	\$ 213,348
Charges for Services	38,865	110,199	-	149,064
Intergovernmental	37,387	-	-	37,387
Earnings on Investments	215	-	(35,826)	(35,611)
Gifts and Donations	3,000	-	-	3,000
Miscellaneous	8,226	-	-	8,226
<i>Total Cash Receipts</i>	<u>301,041</u>	<u>110,199</u>	<u>(35,826)</u>	<u>375,414</u>
Cash Disbursements				
Current:				
General Government	164,575	-	1,837	166,412
Conservation/Recreation	146,711	114,815	-	261,526
Capital Outlay	2,274	-	-	2,274
<i>Total Cash Disbursements</i>	<u>313,560</u>	<u>114,815</u>	<u>1,837</u>	<u>430,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,519)</u>	<u>(4,616)</u>	<u>(37,663)</u>	<u>(54,798)</u>
<i>Fund Cash Balances, January 1</i>	<u>12,745</u>	<u>77,252</u>	<u>257,266</u>	<u>347,263</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 226</u>	<u>\$ 72,636</u>	<u>\$ 219,603</u>	<u>\$ 292,465</u>

See accompanying notes to the basic financial statements

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Fredericktown Recreational District, Knox County, (the District) as a body corporate and politic. The District is a jointly governed by the Village of Fredericktown, Berlin Township, Middlebury Township, Morris Township, Pike Township and Wayne Township. Each Township appoints one board member of the Board and the Village of Fredericktown appoints two, for a total of seven board members. The District provides general government services, including park operations.

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

in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Fund - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Kokosing Campground Fund - This fund receives rental and lease fees for using the campground.

Capital Project Fund - 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:

Community Center Fund - This fund receives gifts and donations to fund the construction of a community center.

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 Entity 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).

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)
Basis of Accounting (continued)

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 Commission 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 Entity 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 2022 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable - The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

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

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)
Fund Balance (Continued)

Committed - Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

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

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

For regulatory purposes, a limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

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

Fund Type	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 290,700	\$ 301,041	\$ 10,341
Special Revenue	95,000	110,199	15,199
Capital Projects	-	(35,826)	(35,826)
Total	<u>\$ 385,700</u>	<u>\$ 375,414</u>	<u>\$ (10,286)</u>

Fund Type	2022 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 368,772	\$ 313,560	\$ 55,212
Special Revenue	95,000	114,815	(19,815)
Capital Projects	-	1,837	(1,837)
Total	<u>\$ 463,772</u>	<u>\$ 430,212</u>	<u>\$ 33,560</u>

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Equity in Pooled Cash

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 72,862
Total deposits	<u>72,862</u>
Community Foundation Fund	219,603
Total investments	219,603
<i>Total Deposits and Investments</i>	<u>\$ 292,465</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Investments

Investments in the Community Foundation of Mount Vernon and Knox County are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System - The District's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10% of their gross wages and the District contributed an amount equal to 14% of participant's gross salaries. The District has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

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. OPERS contributes 2% of the employer contribution to fund these benefits.

Note 9 – Fund Balances

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 facilitate effective cash planning and control. As discussed in Note 2, the District closed out all outstanding encumbrances and reappropriated in the subsequent year.

The fund balance of special revenue fund is restricted. The fund balance of the capital projects fund is committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances.

Fredericktown Recreation District
Knox County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 207,405	\$ -	\$ -	\$ 207,405
Intergovernmental	37,348	-	-	37,348
Earnings on Investments	31	-	37,116	37,147
Rentals and Lease	40,808	106,117	-	146,925
Gifts and Donations	1,605	-	-	1,605
Miscellaneous	4,008	-	-	4,008
<i>Total Cash Receipts</i>	<u>291,205</u>	<u>106,117</u>	<u>37,116</u>	<u>434,438</u>
Cash Disbursements				
Current:				
General Government	145,268	-	1,917	147,185
Conservation/Recreation	150,818	81,874	-	232,692
Capital Outlay	29,035	-	-	29,035
<i>Total Cash Disbursements</i>	<u>325,121</u>	<u>81,874</u>	<u>1,917</u>	<u>408,912</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,916)</u>	<u>24,243</u>	<u>35,199</u>	<u>25,526</u>
<i>Fund Cash Balances, January 1</i>	<u>46,661</u>	<u>53,009</u>	<u>222,067</u>	<u>321,737</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 12,745</u></u>	<u><u>\$ 77,252</u></u>	<u><u>\$ 257,266</u></u>	<u><u>\$ 347,263</u></u>

See accompanying notes to the basic financial statements

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Fredericktown Recreational District, Knox County, (the District) as a body corporate and politic. The District is a jointly governed by the Village of Fredericktown, Berlin Township, Middlebury Township, Morris Township, Pike Township and Wayne Township. Each Township appoints one board member of the Board and the Village of Fredericktown appoints two, for a total of seven board members. The District provides general government services, including park operations.

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

in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

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Special Revenue Fund - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Kokosing Campground Fund - This fund receives rental and lease fees for using the campground.

Capital Project Fund - 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 fund:

Community Center Fund - This fund receives gifts and donations to fund the construction of a community center.

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 Entity 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).

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)
Basis of Accounting (continued)

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 Commission 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 Entity 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 2021 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable - The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

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

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)
Fund Balance (Continued)

Committed - Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

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

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

For regulatory purposes, a limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 293,976	\$ 291,205	\$ (2,771)
Special Revenue	79,000	106,117	27,117
Capital Projects	-	37,116	37,116
Total	\$ 372,976	\$ 434,438	\$ 61,462

Fund Type	2021 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 654,178	\$ 325,121	\$ 329,057
Special Revenue	73,072	81,874	(8,802)
Capital Projects	-	1,917	(1,917)
Total	\$ 727,250	\$ 408,912	\$ 318,338

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Equity in Pooled Cash

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$ 89,997
Total deposits	<u>89,997</u>
Community Foundation Fund	257,266
Total investments	257,266
<i>Total Deposits and Investments</i>	<u>\$ 347,263</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Investments

Investments in the Community Foundation of Mount Vernon and Knox County are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Fredericktown Recreation District
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System - The District's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10% of their gross wages and the District contributed an amount equal to 14% of participant's gross salaries. The District has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

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. OPERS contributes 2% of the employer contribution to fund these benefits.

Note 9 – Fund Balances

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 facilitate effective cash planning and control. As discussed in Note 2, the District closed out all outstanding encumbrances and reappropriated in the subsequent year.

The fund balance of special revenue fund is restricted. The fund balance of the capital projects fund is committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances.



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

Fredericktown Recreation District
Knox County
P.O. Box 86
Fredericktown, Ohio 43019

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* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, disbursements for each governmental fund as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Fredericktown Recreational District, Knox County, Ohio (the District), and have issued our report thereon dated October 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. In addition, we qualified our opinion on January 1, 2021, December 31, 2021, and December 31, 2022 fund cash balances reported in the District's General and Special Revenue Funds, and the charges for services and rental and lease receipts reported in the General and Special Revenue Funds.

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 findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Fredericktown Recreation District
Knox 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-004.

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 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.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 31, 2025

**FREDERICKTOWN RECREATION DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

1. Financial Reporting – 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

For the year ended December 31, 2022, the following errors were noted in the Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances:

- January 1, 2022 fund cash balances for the General, Special Revenue, and Capital Project Funds were incorrectly presented. Adjustments to the January 1, 2022 fund cash balances in the amounts of (\$58,013), \$58,013, and \$251,247 were proposed for the General, Special Revenue, and Capital Project Funds, respectively.
- The financial activity of the investments maintained by the Knox County Foundation was not presented in the Capital Projects Fund. The 2022 financial activity decreased, ending Capital Project fund cash balance by \$37,663.
- Cash receipt reclassifications ranging from \$3,000 to \$32,374 were proposed in the General Fund. This resulted in an overall overstatement of cash receipts in the amount of \$6,912 due to errors in the conversion from manual accounting ledgers to UAN in May of 2022.
- An adjustment in the amount of \$650 was proposed to increase the conservation-recreation cash disbursements in the General Fund.
- Cash receipt reclassifications ranging from \$1,399 to \$110,199 were proposed in the Special Revenue Fund. This resulted in an overall understatement of cash receipts in the amount of \$2,824.
- An adjustment in the amount of \$2,797 was proposed to increase conservation-recreation cash disbursements in the Special Revenue Fund due to errors in the conversion from manual accounting ledgers to UAN in May of 2022.
- An adjustment in the amount of \$7,535 was proposed to increase fund cash balance and general government cash disbursements (\$3,984) and conservation and recreation cash disbursements (\$3,551) to correctly report the payroll bank account in the District's accounting system when the District converted to the Uniform Accounting Network.

For the year ended December 31, 2021, the following errors were noted in the Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances:

- January 1, 2021 fund cash balances for the General, Special Revenue, and Capital Project Funds were incorrectly presented. Adjustments in the amounts of \$46,661, \$53,009, and \$6,019 were proposed to increase the General, Special Revenue, and Capital Project Funds, respectively. January 1, 2021 fund balance adjustments to the General Fund and Special Revenue Funds were based on the compilation of financial activity reported between 2017 and 2020 on the financial statements filed with the Auditor of State. See Finding Number 2022-003.
- The 2021 financial activity of the investments maintained by the Knox County Foundation on behalf of the District were not presented in the Capital Projects Fund. As a result, the beginning fund cash balance for the Capital Projects Fund was adjusted for \$216,048, cash receipts were increased by \$37,116, and cash disbursements were increased by \$1,917.
- Cash receipts adjustments ranging from \$30 to \$30,538 were proposed in the General Fund. The District's manual accounting ledgers did not agree to the receipts reported on the Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances which resulted in an overall understatement of cash fund balance in the amount of \$202.

FREDERICKTOWN RECREATION DISTRICT
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001 (continued)

1. Financial Reporting – Material Weakness (continued)

- Cash disbursement adjustments ranging from \$9,476 to \$135,376 were proposed in the General Fund. The District's manual accounting ledgers did not agree to the receipts reported on the Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances which resulted in an overall understatement of cash disbursements in the amount of \$5,966.
- Capital outlay cash disbursements in the amount of \$23,450 originally posted to the Capital Projects Fund were adjusted to be reflected in the General Fund.
- An adjustment in the amount of \$628 was proposed to increase the rentals and leases cash receipts in the Special Revenue Fund.
- Cash disbursement reclassifications ranging from \$34,558 to \$81,874 were proposed in the Special Revenue Fund. The District's manual accounting ledgers did not agree to the receipts reported on the Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances which resulted in an overall decrease in cash disbursements in the amount of \$1,628.

Furthermore, the footnote presentations for the years ended December 31, 2022, and 2021 omitted required footnote disclosures related to GASB 54 fund balances classifications.

The District has recorded these reclassifications and adjustments to the financial statements, accounting records (where applicable), and notes to the financial statements. By not ensuring proper financial statements and notes to the financial statement's presentation, the District cannot report accurate financial activity to its constituents.

The District should implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements and the notes to the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year's annual report to the prior year's annual report for obvious errors or omissions.

Officials' Response:

The District computerized all accounting ledgers to UAN on July 1, 2022 and feels they have a much better handle on where money is brought in and appropriated with having different areas of the District split into separate funds.

FINDING NUMBER 2022-002

2. Rental Applications and Supporting Documentation – Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the District financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The District receives rental receipts for park amenities (enclosed shelter and event centers) which is reported in the General Fund and from the Kokosing Campground which is reported in the Special Revenue Fund. The District has established a Park Building Rental Price Sheet. However, a similar price sheet was not established for the Kokosing Campground. Furthermore, the District did not establish and/or maintain rental agreements for both park and campground rentals supporting the type

FREDERICKTOWN RECREATION DISTRICT
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002 (continued)

2. Rental Applications and Supporting Documentation – Material Weakness

of rental, length of rental, and total amount collected.

Failure to obtain and/or maintain underlying documentation and support for financial transactions can increase the risk of fraud and could result in financial statement misstatements. Due to the lack of appropriately supporting documentation, we were unable to determine the accuracy and completeness of Charges for Services within the General and Special Revenue Funds, which resulted in a modified auditor's opinion.

We recommend the District establish a rental price list for the Kokosing Campground. Furthermore, we recommend the District establish and maintain detailed rental applications for both the park and campground which supports the type of rental, length of rental, and total amount collected.

Officials' Response:

The District is currently working on more controls and reviews to avoid these issues in the future.

FINDING NUMBER 2022-003

3. Deficiency in Opening Fund Cash Balance Presentation – 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.

For the years ending December 31, 2022 and 2021, the District did not accurately present the January 1 fund cash balances for each respective year. This was due to inaccurate tracking of opening balance by fund within the District's accounting system and not recognizing the funds maintained by the Knox County Foundation for the Capital Project Fund.

Opening fund balances before and after auditor-proposed fund cash balance adjustments are as follows:

Fund	2021 Original	2021 Adjusted	2022 Original	2022 Adjusted
General	\$0	\$46,661	\$70,758	\$12,745
Special Revenue	\$0	\$53,009	\$19,239	\$77,252
Capital Projects	\$0	\$222,067	\$6,019	\$257,266

Lack of appropriate tracking and reporting of fund cash balances does not allow the District to accurately report financial activity.

January 1, 2021 and January 1, 2022 fund cash balance adjustments to the General Fund and Special Revenue Funds were based on the compilation of financial activity reported between 2017 and 2020 on the financial statements filed with the Auditor of State. The District did not maintain sufficient appropriate evidence to support the classification of the January 1 fund cash balances reported on the

FREDERICKTOWN RECREATION DISTRICT
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-003 (continued)

3. Deficiency in Opening Fund Cash Balance Presentation – Material Weakness (continued)

financial statements filed with the Auditor of State which resulted in a modified auditor's opinion.

The District should ensure the accounting system is accurately tracking fund cash balances by fund. Furthermore, the District should ensure the balance of the funds held by the Knox County Foundation are accurately reported in the December 31 financial statements.

Officials' Response:

The District understands when switching over to UAN that the incorrect balances were put in as the starting balances. With the Auditor's recommendation of balance adjustments, the District feels confident that the balances are correct from here on forward.

FINDING NUMBER 2022-004

4. Appropriations Exceeded Estimated Resources - Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022 and 2021 the District's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$83,271 and \$313,541, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the District's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The District should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the District should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Governing Board to reduce the appropriations.

Officials' Response:

Due to the finding of incorrect starting balances in Finding Number 2022-03, It made the appropriations exceed the income. Now with the starting balance corrected in UAN, the available resources exceed the appropriations.

OHIO AUDITOR OF STATE KEITH FABER



FREDERICKTOWN RECREATION DISTRICT

KNOX 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 1/8/2026

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