



Dave Yost • Auditor of State

MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Muskingum Valley Park District
Muskingum County
1720 Euclid Avenue
Zanesville, Ohio 43701

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Muskingum Valley Park District, Muskingum County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Muskingum Valley Park District, Muskingum County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 29, 2015

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Cash Receipts:</u>				
Charges for Services	\$3,149	\$7,874	\$0	\$11,023
Intergovernmental	55,704	15,000	5,000	75,704
Grants	29,305	0	0	29,305
Reimbursements	10,561	0	0	10,561
<i>Total Cash Receipts</i>	<u>98,719</u>	<u>22,874</u>	<u>5,000</u>	<u>126,593</u>
<u>Cash Disbursements:</u>				
Current:				
Conservation/Recreation:				
Travel	4,162	0	0	4,162
Supplies and Materials	1,479	0	0	1,479
Insurance	5,774	0	0	5,774
Contract Services	67,871	70,396	26,603	164,870
Workers Compensation	548	0	0	548
In-Kind Memo	0	0	1,079	1,079
<i>Total Cash Disbursements</i>	<u>79,834</u>	<u>70,396</u>	<u>27,682</u>	<u>177,912</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,885</u>	<u>(47,522)</u>	<u>(22,682)</u>	<u>(51,319)</u>
<u>Other Financing Receipts:</u>				
Proceeds of Debt	0	25,000	0	25,000
<i>Net Change in Fund Cash Balances</i>	18,885	(22,522)	(22,682)	(26,319)
<i>Fund Cash Balances, January 1</i>	<u>12,773</u>	<u>96,567</u>	<u>107,158</u>	<u>216,498</u>
<u>Fund Cash Balances, December 31:</u>				
Restricted	0	74,045	84,476	158,521
Assigned	5,070	0	0	0
Unassigned	26,588	0	0	31,658
<i>Fund Cash Balances, December 31</i>	<u>\$31,658</u>	<u>\$74,045</u>	<u>\$84,476</u>	<u>\$190,179</u>

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

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Cash Receipts:</u>				
Charges for Services	\$2,772	\$11,709	\$0	\$14,481
Intergovernmental	71,766	0	2,280	74,046
Grants	1,586	44,646	300	46,532
Reimbursements	397	0	0	397
<i>Total Cash Receipts</i>	<u>76,521</u>	<u>56,355</u>	<u>2,580</u>	<u>135,456</u>
<u>Cash Disbursements:</u>				
Current:				
Conservation/Recreation:				
Salary	36,101	0	0	36,101
Fringe Benefits	5,463	0	0	5,463
Advertising and Printing	341	0	0	341
Contract Services	26,740	30,697	11,440	68,877
Contract Repairs	2,248	0	0	2,248
Supplies and Materials	1,184	184	0	1,368
Insurance	5,668	0	0	5,668
Travel and Fuel	4,469	0	0	4,469
In-Kind Memo	0	0	916	916
<i>Total Cash Disbursements</i>	<u>82,214</u>	<u>30,881</u>	<u>12,356</u>	<u>125,451</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,693)</u>	<u>25,474</u>	<u>(9,776)</u>	<u>10,005</u>
<u>Other Financing Receipts (Disbursements):</u>				
Transfers In	0	0	43,387	43,387
Transfers Out	0	0	(43,387)	(43,387)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(5,693)</u>	<u>25,474</u>	<u>(9,776)</u>	<u>10,005</u>
<i>Fund Cash Balances, January 1</i>	<u>18,466</u>	<u>71,093</u>	<u>116,934</u>	<u>206,493</u>
<u>Fund Cash Balances, December 31:</u>				
Restricted	0	96,567	107,158	203,725
Assigned	1,973	0	0	0
Unassigned	10,800	0	0	12,773
<i>Fund Cash Balances, December 31</i>	<u>\$12,773</u>	<u>\$96,567</u>	<u>\$107,158</u>	<u>\$216,498</u>

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

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Primary Government

The constitution and laws of the State of Ohio establish the rights and privileges of the Muskingum Valley Park District, Muskingum County, Ohio (the District), as a body corporate and politic. The probate judge of Muskingum County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

Component Unit

The Muskingum Valley Park Society (the Society) is a legally separate nonprofit corporation organized under Ohio Revised Code Chapter 1702 and Internal Revenue Code 501(c)(3). The Society is governed by a three member Board. The current members of the Board also serve as Park Commissioners of the District. The Society is organized and operated for public charitable, educational, literacy and scientific purposes exclusively for the benefit and support of, to perform some of the functions of, and to carry out some of the purposes of the District. Based on the relationship with the District, the Society is considered a component unit of the District. Note 8 provides additional information for the Society.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private purpose non-expendable trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Collegial Woods Fund – This fund receives proceeds from a loan from the Rogge Foundation which will be repaid once the Nature Works Grant is received for upkeep and maintenance related to Collegial Woods.

Mission Oaks Garden Fund – This fund receives proceeds from community and local grants for the upkeep and maintenance of Mission Oaks Garden.

3. Capital Project Funds

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

Clean Ohio Trails Fund – This fund receives proceeds used to construct a pedestrian trail from private foundations for the local match for a grant administered by the Ohio Department of Natural Resources` Division of Real Estate and Land Management under the Clean Ohio Conservation Program.

Ellis Trail Fund – This fund receives proceeds from grants for capital projects related to the Ellis Trail.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any).

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. 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.

2. 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.

3. 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.

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

As discussed in Note 1C., the Muskingum County Treasurer holds the District's cash as the District's custodian.

	2014	2013
Demand deposits	\$190,179	\$216,498

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,928	\$98,719	\$12,791
Special Revenue	54,000	47,874	(6,126)
Capital Projects	5,000	5,000	0
Total	\$144,928	\$151,593	\$6,665

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,334	\$84,904	(\$40,570)
Special Revenue	36,358	76,788	(40,430)
Capital Projects	31,048	33,481	(2,433)
Total	\$111,740	\$195,173	(\$83,433)

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,112	\$76,521	\$6,409
Special Revenue	51,266	56,355	5,089
Capital Projects	485,024	45,967	(439,057)
Total	\$606,402	\$178,843	(\$427,559)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,568	\$84,187	\$4,381
Special Revenue	362,423	53,239	309,184
Capital Projects	359,178	86,792	272,386
Total	\$810,169	\$224,218	\$585,951

Contrary to Ohio Rev. Code § 5705.40, appropriation amendments posted to the accounting system exceeded appropriations approved by the Board in the amounts of \$46,656, \$30,925, \$15,000, and \$5,000 in the General, Collegial Woods, Mission Oaks Garden, and Ellis Trail Funds, respectively, for the year ended December 31, 2014. In addition, this resulted in budgetary expenditures exceeding Board approved appropriations, contrary to Ohio Rev. Code § 5705.41(B), in the amounts of \$40,570, \$30,925, \$15,000, and \$4,250 in the General, Collegial Woods, Mission Oaks Garden, and Ellis Trail Funds, respectively, for the year ended December 31, 2014.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2013, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

5. RISK MANAGEMENT

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

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO.

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. RISK MANAGEMENT (Continued)

Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Assets	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014.

These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below.

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$5,668	\$5,774

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. RISK MANAGEMENT (Continued)

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

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts which may be disallowed, if any. However, based on prior experience, management believes any refunds would be immaterial.

7. MISSION OAKS FOUNDATION ASSISTANCE

The District facilities at 1720 Euclid Avenue were renovated in the Spring of 2008 by the Mission Oaks Foundation. The District is provided this office space without paying rent. The District is, however, responsible for electric, gas, internet service and telephone usage.

8. MUSKINGUM VALLEY PARK SOCIETY

As indicated in Note 1 to the financial statements, the following disclosure is made on behalf of the Muskingum Valley Park Society (the Society). The Society is organized and operated for public charitable, educational, literacy and scientific purposes exclusively for the benefit and support of, to perform some of the functions of, and to carry out some of the purposes of the Muskingum Valley Park District. The Society is a legally separate nonprofit corporation organized under Ohio Rev. Code § 1702. Financial activity of the Society is maintained separately from the District. The Society maintains fiscal operations following a fiscal year of July 1 through June 30. For the period July 1, 2013 through June 30, 2014, the Society had receipts of \$70,975 from contributions, gifts and grants as well as expenses of \$34,831, leaving an ending balance of \$36,144. For the period July 1, 2014 through June 30, 2015, the Society had receipts of \$218,844 and expenses of \$196,948 and total assets of \$74,262.

Additional financial information can be obtained from Brian Newton, President, Muskingum Valley Park Society, 1720 Euclid Avenue, Zanesville, Ohio 43701.

9. DEBT

During 2014, the District received a loan in the amount of \$25,000 from the Zanesville Development Corporation to be repaid by the District once grant monies for a District project were reimbursed through a grant from the State of Ohio. On June 18, 2015, the District paid \$23,194 to the Zanesville Development Corporation as repayment for this loan.

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Dave Yost • Auditor of State

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

Muskingum Valley Park District
Muskingum County
1720 Euclid Avenue
Zanesville, Ohio 43701

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Muskingum Valley Park District, Muskingum County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2014-001.

District's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 29, 2015

**MUSKINGUM VALLEY PARK DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.40 allows any appropriation ordinance or measure to be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. Ohio Admin. Code § 117-2-02(C)(1) required all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been appropriated.

For 2014, appropriation amendments were not approved by the Board. This resulted in appropriations posted to the accounting system exceeding appropriations approved by the Board in the amounts of \$46,656, \$30,925, \$15,000, and \$5,000 in the General, Collegial Woods, Mission Oaks Garden, and Ellis Trail Funds, respectively. Therefore, budgetary expenditures exceeded Board approved appropriations in the amounts of \$40,570, \$30,925, \$15,000, and \$4,250 in the General, Collegial Woods, Mission Oaks Garden, and Ellis Trail Funds, respectively.

Because the information entered into the accounting system did not agree to amounts approved by the Board, adjustments were made to the budgetary activity, which was agreed to by management, reported in Note 3 to the financial statements in order to accurately present approved appropriations.

Appropriations posted into the financial system should equal Board approved appropriations with the Board's approval being noted in the minutes. Any amendments to appropriations should be approved by the Board prior to being posted. Expenditures of the District should be limited to those appropriations that have been approved by the Board.

Officials' Response: The Park District is aware of the findings and intends to implement the proposed recommendations to correct the material weakness identified in the findings.

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Dave Yost • Auditor of State

MUSKINGUM VALLEY PARK DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2016**