



Dave Yost • Auditor of State

**MARION COUNTY PARK DISTRICT
MARION COUNTY
DECEMBER 31, 2015 AND 2014**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Marion County Park District
Marion County
222 West Center Street
Marion, Ohio 43302

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 Marion County Park District, Marion County, (the District) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 1B of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2015 and 2014, 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 Marion County Park District, Marion County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017, 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

January 25, 2017

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$ -	\$ 440,108	\$ 440,108
Local Government Contributions	34,200	-	34,200
Donations	-	161,372	161,372
Miscellaneous	1	-	1
<i>Total Cash Receipts</i>	<u>34,201</u>	<u>601,480</u>	<u>635,681</u>
Cash Disbursements			
Current:			
Conservation/Recreation	19,731	566,282	586,013
<i>Total Cash Disbursements</i>	<u>19,731</u>	<u>566,282</u>	<u>586,013</u>
<i>Excess of Receipts Over Disbursements</i>	14,470	35,198	49,668
<i>Fund Cash Balances, January 1</i>	<u>6,195</u>	<u>180,628</u>	<u>186,823</u>
Fund Cash Balances, December 31			
Restricted	-	215,826	215,826
Assigned	20,553	-	20,553
Unassigned	112	-	112
<i>Fund Cash Balances, December 31</i>	<u>\$ 20,665</u>	<u>\$ 215,826</u>	<u>\$ 236,491</u>

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

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$ -	\$ 532,459	\$ 532,459
Local Government Contributions	6,000	-	6,000
Donations	-	173,000	173,000
	<u>6,000</u>	<u>705,459</u>	<u>711,459</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Conservation/Recreation	3,871	702,783	706,654
Debt Service:			
Principal Retirement	-	12,000	12,000
	<u>3,871</u>	<u>714,783</u>	<u>718,654</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	2,129	(9,324)	(7,195)
Other Financing Receipts (Disbursements)			
Loan Proceeds	-	189,000	189,000
	<u>-</u>	<u>189,000</u>	<u>189,000</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	2,129	179,676	181,805
<i>Fund Cash Balances, January 1</i>	<u>4,066</u>	<u>952</u>	<u>5,018</u>
Fund Cash Balances, December 31			
Restrired	-	180,628	180,628
Assigned	6,155	-	6,155
Unassigned	40	-	40
	<u>6,195</u>	<u>180,628</u>	<u>186,823</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,195</u>	<u>\$ 180,628</u>	<u>\$ 186,823</u>

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

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Prairie Park Foundation, Inc. (the Foundation) is a component unit of the District. It is a not for profit organization that provides financial support in the form of donations to the District. The Foundation's stated intent is to operate for the benefit of the District. Two of the Trustees of the Foundation are also Commissioners for the District. The Foundation's financial information is not included in the accompanying financial statements. Financial information for the Foundation can be obtained from the Marion County Park District Board Chair, Dan Sheridan, 222 West Center Street, Marion, Ohio 43302.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposit and Investments

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

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 and reports all financial resources not accounted for and reported in another fund.

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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: County Park Grants. This fund accounts for grants the District receives.

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, function or object level of control, and appropriations may not exceed estimated resources. The District 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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.

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,200	\$34,201	\$1
Special Revenue	706,698	601,480	(105,218)
Total	\$740,898	\$635,681	(\$105,217)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,395	\$19,843	\$20,552
Special Revenue	706,698	647,345	59,353
Total	\$747,093	\$667,188	\$79,905

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,214	\$6,000	(\$214)
Special Revenue	747,000	894,459	147,459
Total	\$753,214	\$900,459	\$147,245

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,280	\$3,911	\$6,369
Special Revenue	747,000	714,783	32,217
Total	\$757,280	\$718,694	\$38,586

3. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Prairie Park Foundation Loan	\$177,000	0%

The Prairie Park Foundation, Inc. loaned the District \$177,000 and Marion County loaned the District \$12,000 in 2014. The loan from Marion County was repaid in 2014. These monies were provided to the District in advance of the District receiving grant monies for the Tallgrass Trails project. There is no amortization schedule or repayment plan in place beyond the District repaying the loans once grant funds are received.

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. RETIREMENT SYSTEMS

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

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

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District does not purchase its own liability insurance, but is rather covered by the plan of its fiscal agent (Marion County).

6. CONTINGENT LIABILITIES

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

7. RELATED PARTY TRANSACTIONS

The Prairie Park Foundation, Inc. is a component unit of the District. It is a not for profit organization that provides financial support in the form of donations to the District. Two of the Trustees of the Foundation are also Commissioners for the District. In 2014, the District received \$173,000 in donations from Prairie Park Foundation. In 2015, the District received \$161,372 in donations from the Prairie Park Foundation. As indicated in Note 3 above, the District also received \$177,000 in 2014 in loan proceeds from Prairie Park Foundation.

This page intentionally left blank.



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

Marion County Park District
Marion County
222 West Center Street
Marion, Ohio 43302

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 cash balances, receipts, and disbursements by fund type of the Marion County Park District, Marion County, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated January 25, 2017, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinion 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 2015-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Dave Yost
Auditor of State
Columbus, Ohio

January 25, 2017

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Financial Reporting - Material Weakness

Sound financial reporting is the responsibility of the Park Board Chair and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. A monitoring system by the Park Board Chair and Board should be in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements.

Below are descriptions of significant audit reclassifications that needed to be posted to the District's December 31, 2015 and 2014 financial statements. The District has recorded these adjustments to the financial statements.

- In 2015 and 2014, the District misposted \$34,200 and \$6,000, respectively, as Transfers-In rather than Local Government Contributions in the General Fund.
- In 2015 and 2014, the District misposted \$161,372 and \$173,000, respectively, as Local Match rather than Donations in the Special Revenue Fund.
- In 2015 and 2014, reclassifications of \$20,553 and \$6,155, respectively, were made between Assigned & Unassigned Fund Balance to properly classify the General Fund balance based on subsequent year appropriations and estimated receipts.
- In 2014, the District misposted \$177,000 as Grant Advances and \$12,000 as Advances-In rather than Loan Proceeds in the Special Revenue Fund.
- In 2014, the District misposted \$12,000 as Advances-Out rather than Debt Retirement in the Special Revenue Fund.

Improperly classified transactions and fund balances can lead to inaccurate financial reports disseminated to the governing board and management as well as financial statement readers.

The Park Board Chair and Board should review the reclassifications noted above. They should ensure similar errors are not reported on the financial statements in subsequent years. In addition, the Board should review the financial statements and note disclosures to identify and correct errors and omissions.

Officials' Response

We appreciate the thorough review of our finances and recommendations. We will work with the county auditor's office over the next few weeks to make the recommended changes.

This page intentionally left blank.



Dave Yost • Auditor of State

MARION COUNTY PARK DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2017**