

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

**FINANCIAL STATEMENT
(AUDITED)**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**



Dave Yost • Auditor of State

Board of Commissioners
Holmes County Park District
1 Trail Drive, Suite A
Millersburg, Ohio 44654

We have reviewed the *Independent Auditor's Report* of the Holmes County Park District, Holmes County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 10, 2018

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**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Holmes County Park District
Holmes County
1 Trail Drive, Suite A
Millersburg, Ohio 44654

To the Board of Commissioners:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements by fund type, and related notes of the Holmes County Park District, Holmes County, Ohio, as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement 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 statement is 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 Holmes County Park District's preparation and fair presentation of the financial statement 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 Holmes County Park District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statement, the Holmes County Park District prepared this financial statement 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 statement of the variances between the regulatory accounting basis and the GAAP are not reasonably determinable, we presume they are material.

Though the Holmes County Park District does not intend this statement 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Holmes County Park District as of December 31, 2016, and the respective changes in the financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Holmes County Park District, Holmes County, Ohio, as of December 31, 2016, for the year 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the Holmes County Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Holmes County Park District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 27, 2018

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 121,510	\$ -	\$ 121,510
Charges for Services	26,855	36,378	63,233
Interest	-	376	376
Intergovernmental	14,190	-	14,190
Contributions and Donations	1,295	148,470	149,765
Other	-	3,008	3,008
<i>Total Cash Receipts</i>	<u>163,850</u>	<u>188,232</u>	<u>352,082</u>
Cash Disbursements			
Current:			
Conservation and Recreation:			
Salaries and Wages	59,731	34,784	94,515
Fringe Benefits	29,182	-	29,182
Purchased Services	26,514	-	26,514
Materials and Supplies	20,916	-	20,916
Other	13,711	-	13,711
Capital Outlay	-	176,638	176,638
<i>Total Cash Disbursements</i>	<u>150,054</u>	<u>211,422</u>	<u>361,476</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,796</u>	<u>(23,190)</u>	<u>(9,394)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	20,000	20,000
Transfers Out	(20,000)	-	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,204)</u>	<u>(3,190)</u>	<u>(9,394)</u>
<i>Fund Cash Balances, January 1</i>	<u>45,283</u>	<u>523,451</u>	<u>568,734</u>
Fund Cash Balances, December 31			
Restricted	-	420,261	420,261
Assigned for capital improvements	-	100,000	100,000
Unassigned	39,079	-	39,079
<i>Fund Cash Balances, December 31</i>	<u>\$ 39,079</u>	<u>\$ 520,261</u>	<u>\$ 559,340</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENT

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 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 Holmes County Park District, Holmes County, (the "District") as a body corporate and politic. The probate judge of Holmes County appoints a three-member Board of Commissioners (the "Board") to govern the District. The Board is authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Board may convert acquired land into forest reserves. The Board is also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare. The District also operates a recreational program, which includes many activities for the residents of Holmes County. The activities include Walking on to Wellness, Youth Volleyball, Youth Track, Youth Softball, Youth Golf, Youth Basketball, and Youth Soccer.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows 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).

This statement includes 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. Deposits and Investments

As the Ohio Revised Code permits, the Holmes 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 accounts of the District are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Capital Project Funds

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

Park Land and Building Fund (N-27) - This fund receives grants primarily and is used to aid in the development of park and recreational facilities.

James L. Crissey Memorial Pool Fund (S-43) - This fund receives contributions and donations for capital improvements at the James L. Crissey Memorial Pool.

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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated. The District had no encumbrances outstanding at year-end.

A summary of 2016 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. The District had no nonspendable fund balance at year-end.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Restricted

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

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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. The District had no committed fund balance at year-end.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the general fund, *assigned* amounts represent intended uses established by the Board 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.

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 statement does 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 statement does not include a liability for unpaid leave.

I. Interfund Transactions

During the course of normal operations, the District had a transaction between funds. This included a transfer of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Basis of Presentation

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

NOTE 2 - BUDGETARY ACTIVITY

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

2016 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 198,283	\$ 163,850	\$ (34,433)
Capital Projects	3,470,300	208,232	(3,262,068)
Total	\$ 3,668,583	\$ 372,082	\$ (3,296,501)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 227,700	\$ 170,054	\$ 57,646
Capital Projects	3,560,500	211,422	3,349,078
Total	\$ 3,788,200	\$ 381,476	\$ 3,406,724

NOTE 3 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the District adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Holmes County Park 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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Holmes County Park District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

NOTE 5 - POSTEMPLOYMENT BENEFITS

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2016.

NOTE 6 - RISK MANAGEMENT

Commercial Insurance

The District is covered under insurance plans maintained by Holmes County for the following risks:

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

NOTE 7 - CONTINGENCIES

The District is not party to any legal proceedings that, in the opinion of management, would have a material adverse effect the District's financial condition.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 8 - INTERFUND ACTIVITY

The District had the following transfers for the year ended December 31, 2016:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 20,000
<u>Capital Projects Fund</u>		
Park Land and Building	<u>20,000</u>	<u>-</u>
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

The transfers from the General fund to the Capital Projects fund were to pay for future projects.

The above transfers were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Holmes County Park District
Holmes County
1 Trail Drive, Suite A
Millersburg, Ohio 44654

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 statement of the cash balances, receipts, and disbursements by fund type of the Holmes County Park District, Holmes County, Ohio, as of and for the year ended December 31, 2016, and related notes to the financial statement, and have issued our report there on dated June 27, 2018, wherein we noted the Holmes County Park District followed financial reporting provision 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 Holmes County Park District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Holmes County Park 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 Holmes County Park 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Commissioners
Holmes County Park District

Compliance and Other Matters

As part of reasonably assuring whether the Holmes County Park District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Holmes County Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Holmes County Park District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
June 27, 2018



Dave Yost • Auditor of State

HOLMES PARK DISTRICT

HOLMES 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
AUGUST 23, 2018**