



Dave Yost • Auditor of State

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016	3
Notes to the Financial Statements – For the Year Ended December 31, 2016.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	11
Notes to the Financial Statements – For the Year Ended December 31, 2015.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miami County Park District
Miami County
2645 East State Route 41
Troy, OH 45373

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 Miami County Park District, Miami County, (the District) as of and for the years ended December 31, 2016 and 2015.

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 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 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 Park District as of December 31, 2016 and 2015, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Miami County Park District, Miami County as of December 31, 2016 and 2015, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2018, 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

February 7, 2018

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Taxes	\$2,074,493			\$2,074,493
Local Govt	29,032			29,032
Grants			\$1,009,081	1,009,081
Intergovernmental Revenue	292,961			292,961
Gifts & Donations	76,929	\$1,955		78,884
Fees	49,776			49,776
Sales	13,330			13,330
Other Receipts	3,625	37,225		40,850
Total Cash Receipts	<u>2,540,146</u>	<u>39,180</u>	<u>1,009,081</u>	<u>3,588,407</u>
Cash Disbursements:				
Current:				
Salaries	1,198,192			1,198,192
Supplies	182,259			182,259
Equipment	108,380			108,380
Contracts-Repair	141,704			141,704
Contracts-Services	532,800			532,800
Grants	15,502			15,502
Rentals	49,732			49,732
Advertising & Printing	8,735			8,735
Travel & Expenses	20,506			20,506
Public Employee's Retirement	172,841			172,841
Workers Compensation & DWR	17,749			17,749
Unemployment Compensation	4,212			4,212
Other Expenses	334,780	570		335,350
Capital Outlay		843	1,076,271	1,077,114
Total Cash Disbursements	<u>2,787,392</u>	<u>1,413</u>	<u>1,076,271</u>	<u>3,865,076</u>
Excess of Receipts (Under) Disbursements	<u>(247,246)</u>	<u>37,767</u>	<u>(67,190)</u>	<u>(276,669)</u>
Other Financing Receipts (Disbursements):				
Refunds	1,290			1,290
Reimbursements	2,960			2,960
Advances In			585,614	585,614
Advances Out	(585,614)			(585,614)
Total Other Financing Receipts (Disbursements)	<u>(581,364)</u>		<u>585,614</u>	<u>4,250</u>
Net Change in Fund Cash Balances	(828,610)	37,767	518,424	(272,419)
Fund Cash Balances, January 1, 2016	<u>3,778,516</u>	<u>388,460</u>		<u>4,166,976</u>
Fund Cash Balances, December 31, 2016:				
Restricted	89,982	426,227	518,424	1,034,633
Committed	18,090			18,090
Assigned	610,593			610,593
Unassigned	2,231,241			2,231,241
Fund Cash Balances, December 31, 2016	<u>\$2,949,906</u>	<u>\$426,227</u>	<u>\$518,424</u>	<u>\$3,894,557</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 Miami County Park District, Miami County, (the District) as a body corporate and politic. The probate judge of Miami 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 Commissioners 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 Troy Foundation, Inc., is a related organization of the District. Financial information is not included in these statements. See additional information in Note 9. The District is also a member of Ohio Risk Management, Inc. (OPRM), a public entity risk pool. Note 7 provides additional information for this pool.

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

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 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 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 Miami 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. 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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Funds:

- **Charleston Falls Trust Fund** – receives donations and revenue earmarked specifically for use at Charleston Falls.
- **Hobart Urban Nature Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Hobart Urban Nature Preserve.
- **Honeycreek Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Honeycreek Preserve.
- **Wannemacher Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Wannemacher Preserve.
- **Park Peace Officer Training Fund** – receives revenue earmarked specifically for use in the training of Law Enforcement officers.
- **Lost Creek Trust Fund** – receives donations and revenue earmarked specifically for use at Lost Creek Reserve.

3. Capital Project Fund

This fund accounts for and reports 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:

- **Clean Ohio Fund** – receives revenue from the state of Ohio and pays expenditures restricted to specific capital outlays for acquisition and/or improvement of real estate.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, each office, department and division level of control, and appropriations may not exceed estimated resources. The District 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. The County Budget Commission must approve estimated resources.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 re-appropriated.

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. Non-spendable

The District classifies assets as *non-spendable* 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.

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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. BUDGETARY ACTIVITY

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

2016 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,616,100	\$2,544,396	(\$71,704)
Special Revenue	38,665	39,180	515
Capital Projects	1,024,688	1,594,695	570,007
Total	<u>\$3,679,453</u>	<u>\$4,178,271</u>	<u>\$498,818</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$4,591,851	\$3,570,010	\$1,021,841
Special Revenue	10,220	6,413	3,807
Capital Projects	1,024,688	1,076,271	(51,583)
Total	<u>\$5,626,759</u>	<u>\$4,652,694</u>	<u>\$974,065</u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include 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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

4. DEFINED BENEFIT PENSION PLAN

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 2016, 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, 2016.

5. POST-EMPLOYMENT 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 2.0 percent during calendar year 2016.

6. INTERFUND BALANCES

Outstanding advances at December 31, 2016, consisted of \$585,614 advanced from the General fund to the Clean Ohio fund to provide working capital for projects.

7. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

7. RISK MANAGEMENT (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	<u>\$5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. 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.

9. TROY FOUNDATION, INC.

The Troy Foundation, Inc. (the "Foundation") is a not-for-profit corporation that was created in 1924 and manages over 230 individual, family, corporate, and nonprofit agency endowment funds, including two funds related to the Miami County Park District. The Foundation was formed with a common goal to make the local community a better place to live, work and play.

Unaudited financial statements of the Foundation may be obtained by contacting Kimberly Meier, Finance Officer, at 216 W. Franklin Street, Troy, Ohio 45373, or by visiting the Foundation's website online.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Taxes	\$2,064,954			\$2,064,954
Local Govt	29,716			29,716
Grants		\$15,949	\$20,663	36,612
Intergovernmental Revenue	294,050			294,050
Investment Income	2,576			2,576
Gifts & Donations	41,825	3,020		44,845
Fees	29,173			29,173
Sales	13,322			13,322
Other Receipts	2,848	37,925		40,773
Total Cash Receipts	<u>2,478,464</u>	<u>56,894</u>	<u>20,663</u>	<u>2,556,021</u>
Cash Disbursements:				
Current:				
Salaries	1,096,496			1,096,496
Supplies	159,307			159,307
Equipment	106,847			106,847
Contracts-Repair	118,387	15,725		134,112
Contracts-Services	321,607	32,867		354,474
Grants	12,530			12,530
Rentals	47,352			47,352
Advertising & Printing	6,932			6,932
Travel & Expenses	16,404			16,404
Public Employee's Retirement	168,989			168,989
Workers Compensation & DWR	17,577			17,577
Unemployment Compensation	2,451			2,451
Other Expenses	299,392	352		299,744
Capital Outlay		15,709	20,663	36,372
Total Cash Disbursements	<u>2,374,271</u>	<u>64,653</u>	<u>20,663</u>	<u>2,459,587</u>
Excess of Receipts Over (Under) Disbursements	<u>104,193</u>	<u>(7,759)</u>		<u>96,434</u>
Other Financing Receipts:				
Refunds	951			951
Reimbursements	1,416			1,416
Total Other Financing Receipts	<u>2,367</u>			<u>2,367</u>
Net Change in Fund Cash Balances	106,560	(7,759)		98,801
Fund Cash Balances, January 1, 2015	<u>3,671,956</u>	<u>396,219</u>		<u>4,068,175</u>
Fund Cash Balances, December 31, 2015:				
Restricted	219,924	388,460		608,384
Committed	16,155			16,155
Assigned	1,739,672			1,739,672
Unassigned	1,802,765			1,802,765
Fund Cash Balances, December 31, 2015	<u>\$3,778,516</u>	<u>\$388,460</u>	<u>\$0</u>	<u>\$4,166,976</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 Miami County Park District, Miami County, (the District) as a body corporate and politic. The probate judge of Miami 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 Commissioners 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 Troy Foundation, Inc., is a related organization of the District. Financial information is not included in these statements. See additional information in Note 8. The District is also a member of Ohio Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 provides additional information for this pool.

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

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 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 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 Miami 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. 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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Funds:

- **Charleston Falls Trust Fund** – receives donations and revenue earmarked specifically for use at Charleston Falls.
- **Hobart Urban Nature Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Hobart Urban Nature Preserve.
- **Honeycreek Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Honeycreek Preserve.
- **Wannemacher Preserve Trust Fund** – receives donations and revenue earmarked specifically for use at Wannemacher Preserve.
- **Park Peace Officer Training Fund** – receives revenue earmarked specifically for use in the training of Law Enforcement officers.
- **Lost Creek Trust Fund** – receives donations and revenue earmarked specifically for use at Lost Creek Reserve.

3. Capital Project Fund

This fund accounts for and reports 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:

- **Clean Ohio Fund** – receives revenue from the state of Ohio and pays expenditures restricted to specific capital outlays for acquisition and/or improvement of real estate.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, each office, department and division level of control, and appropriations may not exceed estimated resources. The District 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. The County Budget Commission must approve estimated resources.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 re-appropriated.

A summary of 2015 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. Non-spendable

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.

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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,651,585	\$2,480,831	(\$170,754)
Special Revenue	56,494	56,894	400
Capital Projects		20,663	20,663
Total	<u>\$2,708,079</u>	<u>\$2,558,388</u>	<u>(\$149,691)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,234,877	\$2,679,957	\$554,920
Special Revenue	104,663	64,653	40,010
Capital Projects		20,663	(20,663)
Total	<u>\$3,339,540</u>	<u>\$2,765,273</u>	<u>\$574,267</u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include 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.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. DEFINED BENEFIT PENSION PLAN

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. 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 2.0 percent during calendar year 2015.

6. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015:

	<u>2015</u>
Assets	\$14,643,667
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u><u>\$5,531,637</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. 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.

8. TROY FOUNDATION, INC.

The Troy Foundation, Inc. (the "Foundation") is a not-for-profit corporation that was created in 1924 and manages over 230 individual, family, corporate, and nonprofit agency endowment funds, including two funds related to the Miami County Park District. The Foundation was formed with a common goal to make the local community a better place to live, work and play.

Unaudited financial statements of the Foundation may be obtained by contacting Kimberly Meier, Finance Officer, at 216 W. Franklin Street, Troy, Ohio 45373, or by visiting the Foundation's website online.



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

Miami County Park District
Miami County
2645 East State Route 41
Troy, Ohio 45373

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 Miami County Park District, Miami County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated February 7, 2018 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 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 2016-001 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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

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

February 7, 2018

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Noncompliance and Material Weakness – Financial Statement Errors

Ohio Rev. Code § 5705.42 requires, in part, that when the state or any department, division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In addition, the Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government of the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

The District entered into agreements with the Ohio Public Works Commission (OPWC) for grants. Auditor of State Bulletin 2002-005 outlines the accounting requirements for the OPWC grant. The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the OPWC will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed by the OPWC. Additionally, the local government shall include in its official or amended certificate of estimated resources the amount of Clean Ohio grant anticipated to be received into the project fund during the fiscal year. The fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year.

The following deficiencies were identified for the District's accounting and financial reporting of OPWC grants:

- In 2016 and 2015, OPWC directly paid \$641,861 and \$20,663, respectively, to contractors for the Brukner Nature Center and Stillwater River Preservation project. The District did not record the receipts and disbursements or budget for the activity. Adjustments were made to the financial statements to record grant receipts and capital outlay disbursements in the Clean Ohio capital projects fund;
- In 2016, OPWC paid the District \$162,225 for the Lost Creek Reserve & Knoop Center Greene Space Improvements project and the District budgeted for and recorded the receipts and disbursements in the General fund. An adjustment was made to the financial statements to record grant receipts and capital outlay disbursements in the Clean Ohio capital projects fund; and
- The District established a Clean Ohio fund to account for the receipts and disbursements in 2016 for the Reaster Property Acquisition project; however, the fund was classified on the District's financial statements as special revenue instead of capital projects. An adjustment was made to the financial statements to reclassify the fund as a capital projects fund.

**FINDING NUMBER 2016-001
(Continued)**

Additionally, the following misstatements occurred on the District's financial statements and accounting records:

- The District's subsequent year appropriation measure exceeded the estimated receipts in the General fund by \$521,661 and \$1,670,065 at December 31, 2016 and 2015, respectively. Reclassifications were made to report those amounts as assigned fund balance required to meet subsequent year appropriations; and
- Homestead and rollback reimbursements in the amounts of \$292,961 and \$294,050 were reclassified from other receipts to Intergovernmental for December 31, 2016 and 2015, respectively.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the District's ability to make sound financial decisions or comply with budgetary law.

The District should implement procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

MIAMI COUNTY PARK DISTRICT

MIAMI 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
MARCH 20, 2018**