



Certified Public Accountants, A.C.

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Vienna, WV 26105
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Dave Yost • Auditor of State

Board of Directors
The Park District of Liberty Township
PO Box 228
Ada, Ohio 45810

We have reviewed the Independent Auditor's Report of The Park District of Liberty Township, Hardin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Park District of Liberty Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 19, 2018

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**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 2, 2018

The Park District of Liberty Township
Hardin County
327 East Lima Avenue
PO Box 228
Ada, Ohio 45810

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 Park District of Liberty Township**, Hardin County, (the District) as of and for the years ended December 31, 2017 and 2016.

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.

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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 2 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, 2017 and 2016, 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 cash balances, receipts and disbursements by fund type, and related notes of The Park District of Liberty Township, Hardin County as of December 31, 2017 and 2016, and 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash Receipts	
Property and Other Local Taxes	\$ 209,098
Trust	9,168
Intergovernmental	15,118
Earnings and Investments	31
Fees	16,926
Contributions and Donations	4,389
Miscellaneous	<u>442</u>
<i>Total Cash Receipts</i>	<u>255,172</u>
Cash Disbursements	
Current:	
Salaries	52,487
Materials and Supplies	28,507
Health Insurance	6,355
Property Insurance	9,269
Utilities	19,112
Equipment	1,110
Contracts - Repair	2,775
Contracts - Services	2,775
Auditor Fees	5,044
Advertising and Printing	31
Public Employees Retirement	15,237
Workers' Compensation	893
Other	495
Capital Improvement	33,214
Capital Equipment	9,852
Debt Service:	
Principal Retirement	57,570
Interest and Fiscal Charges	<u>3,994</u>
<i>Total Cash Disbursements</i>	<u>248,720</u>
<i>Excess of Receipts Over Disbursements</i>	<u>6,452</u>
<i>Fund Cash Balance, January 1</i>	<u>33,715</u>
Fund Cash Balance, December 31	
Assigned	<u>40,167</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 40,167</u></u>

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 1 – Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the General Fund.

Fund Accounting

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 disbursements 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.

Budgetary Process

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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:

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

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

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

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 Park 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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the General fund by \$252,368 for the year ended December 31, 2017. This was due to the District not filing 2017 estimated resources with the County.

Note 4 – Budgetary Activity

2017 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ -	\$ 255,172	\$ (255,172)
\$ -	\$ 255,172	\$ (255,172)

2017 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 286,083	\$ 248,720	\$ 37,363
\$ 286,083	\$ 248,720	\$ 37,363

Note 5 – Deposits

The District maintains a deposit pool used by the general fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31:

	2017
Demand deposits	\$ 40,167
Total deposits	\$ 40,167

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 6 - Property Taxes

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

Note 7 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

Settled claims have not exceeded insurance coverage in any of the last three years. Coverage limits have not changed significantly since last year.

Note 8 - Retirement System

All of the District's employees belong to the Ohio Public Employees Retirement System (OPERS) which 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. 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, 2017.

Note 9 – Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Park Repairs	\$ 13,382	3.50%
Mower	25,936	3.50%
Equipment	10,872	3.50%
Total	\$ 50,190	

The Park District obtained a loan on June 19, 2015, in the amount of, \$49,860 for the purchase of a mower. The interest rate is 3.5% with principal and interest payments due semi-annually to Superior Federal Credit Union. The loan matures on September 19, 2019.

The Park District obtained a loan on May 22, 2013, in the amount of \$120,000, for the repairs of park owned property. The interest rate is 5% with principal and interest payments due semi-annually to Liberty National Bank. This loan matures June 1, 2018.

The Park District obtained a loan on June 30, 2016, in the amount of, \$20,112 for the purchase of various equipment. The interest rate is 3.5% with principal and interest payments due semi-annually to Superior Federal Credit Union. The loan matures on September 19, 2020.

Year Ending December 31:	Park Repairs	Mower	Equipment
2018	\$ 13,756	\$ 13,583	\$ 5,432
2019	-	13,583	5,432
2020	-	-	360
Total	\$ 13,756	\$ 27,166	\$ 11,224

Note 11 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Note 12 – Related Party Transactions

Commissioner Tony Wolke abstains from voting or participating with any items that involve Ken Wolke, the Park Manager, since they are brothers.

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash Receipts	
Property and Other Local Taxes	\$ 207,143
Trust	9,493
Intergovernmental	15,154
Earnings and Investments	12
Fees	18,680
Contributions and Donations	945
Miscellaneous	<u>2,717</u>
<i>Total Cash Receipts</i>	<u>254,144</u>
Cash Disbursements	
Current:	
Salaries	53,877
Materials and Supplies	27,514
Health Insurance	4,451
Property Insurance	8,630
Utilities	31,373
Equipment	860
Contracts - Repair	6,685
Contracts - Services	6,685
Auditor Fees	6,393
Advertising and Printing	40
Public Employees Retirement	9,389
Workers' Compensation	808
Other	16,297
Capital Improvement	26,413
Debt Service:	
Principal Retirement	55,786
Interest and Fiscal Charges	<u>6,246</u>
<i>Total Cash Disbursements</i>	<u>261,447</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(7,303)</u>
Other Financing Receipts	
Proceeds of Debt	<u>20,112</u>
<i>Net Change in Fund Cash Balance</i>	12,809
<i>Fund Cash Balance, January 1</i>	<u>20,906</u>
Fund Cash Balance, December 31	
Assigned	<u>33,715</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 33,715</u></u>

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 1 – Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

Fund Accounting

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 disbursements 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.

Budgetary Process

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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:

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

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

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

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

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Compliance

Contrary to Ohio law, expenditures exceeded appropriations in the General fund for fiscal year 2016.

Note 4 – Budgetary Activity

2016 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 263,291	\$ 274,256	\$ (10,965)
\$ 263,291	\$ 274,256	\$ (10,965)

2016 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 258,406	\$ 261,447	\$ (3,041)
\$ 258,406	\$ 261,447	\$ (3,041)

Note 5 – Deposits

The District maintains a deposit pool used by the general fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31:

	2016
Demand deposits	\$ 33,715
Total deposits	\$ 33,715

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the financial institution's public entity deposit pool.

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 6 - Property Taxes

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

Note 7 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

Settled claims have not exceeded insurance coverage in any of the last three years. Coverage limits have not changed significantly since last year.

Note 8 - Retirement System

All of the District's employees belong to the Ohio Public Employees Retirement System (OPERS) which 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. 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.

Note 9 – Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

**The Park District of Liberty Township
Hardin County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Mower	\$ 38,309	3.5%
Park Repairs	39,238	5.0%
Refinance	10,101	5.5%
Equipment	20,112	3.5%
Total	\$ 107,760	

The Park District obtained a loan on June 19, 2015, in the amount of, \$49,860 for the purchase of a mower. The interest rate is 3.5% with principal and interest payments due semi-annually to Superior Federal Credit Union. The loan matures on September 19, 2019.

The Park District obtained a loan on May 22, 2013, in the amount of \$120,000, for the repairs of park owned property. The interest rate is 5% with principal and interest payments due semi-annually to Liberty National Bank. This loan matures June 1, 2018.

The Park District obtained a loan on July 13, 2012, in the amount of \$68,000, to refinance a previous loan and to obtain cash. The interest rate is 5.5% with principal and interest payments due semi-annually to Liberty National Bank. The loan matures on September 15, 2017.

The Park District obtained a loan on June 30, 2016, in the amount of, \$20,112 for the purchase of various equipment. The interest rate is 3.5% with principal and interest payments due semi-annually to Superior Federal Credit Union. The loan matures on September 19, 2020.

Year Ending December 31:	Refinance	Park Repairs	Equipment	Mower
2017	\$ 10,452	\$ 27,511	\$ 5,432	\$ 13,583
2018	-	13,756	5,432	13,583
2019	-	-	5,432	13,583
2020	-	-	5,432	-
2021	-	-	179	-
Total	\$ 10,452	\$ 41,267	\$ 21,907	\$ 40,749

Note 11 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Note 12 – Related Party Transactions

Commissioner Tony Wolke abstains from voting or participating with any items that involve Ken Wolke, the Park Manager, since they are brothers.



Certified Public Accountants, A.C.

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

July 2, 2018

The Park District of Liberty Township
Hardin County
327 East Lima Avenue
PO Box 228
Ada, Ohio 45810

To the Board of Trustees:

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 Park District of Liberty Township**, Hardin County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 2, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings that we consider material weaknesses. We consider finding 2017-001 and 2017-002 to be material weaknesses.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2017-002 through 2017-004.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 2, 2018.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness – Financial Reporting

The Park District should have controls and/or procedures in place to help prevent and detect errors in financial reporting.

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund Balances should be properly Classified based on Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

The financial statements and accounting records had receipt and disbursement classification errors. For some line items the financial statement amounts agreed to the accounting records but were not correctly classified using the Park District’s line item descriptions. In other line items the financial statement amounts did not agree to the accounting records. The following errors are those identified in the financial statements:

- The beginning fund balance for 2016 did not agree to the 2015 ending fund balance from the prior audit report;
- In 2016, intergovernmental receipts in the amount of \$15,154 were improperly classified as general property tax and as other receipts;
- Loan interest disbursements in the amount of \$6,305 in 2016 were classified as capital equipment;
- Principal retirement disbursements in the amount of \$7,295 in 2016 and \$776 were classified as capital equipment and interest and fiscal charges respectively;
- Earnings and Investments were miscalculated in the amount of \$1,180 due to entry error;
- Fees were miscalculated in the amount of \$1,820 due to entry error;
- Subsequent appropriations in excess of estimated receipts in the amount of \$40,167 at December 31, 2017 and \$33,715 at December 31, 2016 were classified as unassigned fund balance instead of assigned fund balance as required by GASB Statement No. 54, paragraph 16 (GASB Codification 1800.176); and
- Debt proceeds not properly classified in 2016.

Errors in the accounting records and financial statements inhibit the ability of both the Clerk and Board of Commissioners to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Park District. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner. These errors have been corrected on the District’s financial statements.

The Clerk should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances. In addition, the District should refer to the note disclosure template on the Auditor of State’s website to ensure they are using the up-to-date disclosures.

Management’s Response – We did not receive a response from officials to this finding.

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-002

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.36(A)(1) states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

We noted the District did not certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year for the year ended December 31, 2017.

We recommend the District take the necessary steps to certify their budgetary documents to the County Auditor on or before the required date. We also recommend the District prepare the required documents and use due care in monitoring its budgetary documents since these documents are an integral part of the budgetary control process. The District should integrate the budgetary documents into the computer system. Failure to properly monitor budgetary activity on a regular basis could result in negative fund balances. We recommend that the District monitor budgetary activity on a regular basis and obtain amended certificates as needed. The District should refer to the Ohio Compliance Supplement for guidance on the legal budgetary process.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-003

Noncompliance

26 U.S.C. Section 3402 and Ohio Rev. Code Section 5747.06 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in their adjusted gross income during the calendar year.

The District was withholding all required Federal and Medicare withholdings. However, the District did not pay the Medicare portion of the withholdings to the IRS for 4th quarter 2016 and all of 2017. As of January 2018, the District has paid all required withholdings.

We recommend the District remit the required amounts and ensure proper payment when filing the required reports.

Management's Response – We did not receive a response from officials to this finding.

THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-004

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2016, we noted expenditures exceeding appropriations in the General Fund by \$3,041.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the District encountering deficit spending.

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Management's Response – We did not receive a response from officials to this finding.

**THE PARK DISTRICT OF LIBERTY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Financial Reporting	Not Corrected	Repeated as Finding 2017-001



Dave Yost • Auditor of State

THE PARK DISTRICT LIBRARY TOWNSHIP

HARDIN 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
OCTOBER 2, 2018