



OHIO AUDITOR OF STATE
KEITH FABER



**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Miami County Park District
Miami County
2645 East State Route 41
Troy, Ohio 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, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

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 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, 2018 and 2017, 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, 2018 and 2017, 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 November 4, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2019

Miami County Park District
Miami County
Combined Statement of Receipts, Disbursements and
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$3,353,511			\$3,353,511
Local Govt	30,738			30,738
Grants	49,482	84,938	9,763	144,183
Investment Income	54,016			54,016
Gifts & Donations	42,978	7,008		49,986
Fees	36,822			36,822
Sales	3,260			3,260
Other Receipts	99,891	35,305		135,196
<i>Total Cash Receipts</i>	<u>3,670,698</u>	<u>127,251</u>	<u>9,763</u>	<u>3,807,712</u>
Cash Disbursements				
Current:				
Salaries	1,388,441			1,388,441
Supplies	205,218	19,073		224,291
Equipment	121,053			121,053
Contracts - Repair	246,519			246,519
Contracts - Services	281,615	51,147		332,762
Grants	16,155			16,155
Rentals	51,400			51,400
Advertising & Printing	7,716			7,716
Travel & Expenses	14,729	995		15,724
Public Employees Retirement	200,333			200,333
Workers Compensation & DWR	21,239			21,239
Unemployment Compensation	2,455			2,455
Other Expenses	381,985			381,985
Capital Outlay		1,500		1,500
<i>Total Cash Disbursements</i>	<u>2,938,858</u>	<u>72,715</u>	<u></u>	<u>3,011,573</u>
<i>Excess of Receipts Over Disbursements</i>	<u>731,840</u>	<u>54,536</u>	<u>9,763</u>	<u>796,139</u>
Other Financing Receipts (Disbursements)				
Refunds	142			142
Reimbursements	2,705			2,705
Advances In	430,344			430,344
Advances Out			(430,344)	(430,344)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>433,191</u>	<u></u>	<u>(430,344)</u>	<u>2,847</u>
<i>Net Change in Fund Cash Balances</i>	1,165,031	54,536	(420,581)	798,986
<i>Fund Cash Balances, January 1</i>	<u>2,788,987</u>	<u>474,174</u>	<u>420,581</u>	<u>3,683,742</u>
Fund Cash Balances, December 31				
Restricted		528,710		528,710
Committed	16,932			16,932
Assigned	1,039,465			1,039,465
Unassigned	2,897,621			2,897,621
<i>Fund Cash Balances, December 31</i>	<u>\$3,954,018</u>	<u>\$528,710</u>	<u>\$0</u>	<u>\$4,482,728</u>

See accompanying notes to the financial statements.

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Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Miami County Park District (the District), Miami County, 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 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 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 Troy Foundation is a separate entity that provides tax exemption status to donors for specific funds set up by private individuals to provide support to the District. All donated funds are distributed by a committee appointed by the Foundation, and of which the Executive Director of the District is an appointed member. The Troy Foundation was determined to be a separate and independent organization and its financial statements are not required to be included in this report. See additional information in Note 10.

The District is also a member of Ohio Plan 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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 funds of the District are 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.

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:

U.S. Fish and Wildlife Fund – This fund receives revenue from the U.S. Fish and Wildlife Service for habitat restoration.

OEEF Grant Fund – This fund receives revenue for the purchase of materials and supplies for a Pollinator Education grant program.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Charleston Falls Trust Fund – This fund receives donations and revenue specifically earmarked for use at Charleston Falls Preserve.

Hobart Urban Nature Preserve Trust Fund – This fund receives donations and revenue specifically earmarked for use at Hobart Urban Nature Preserve.

Honeycreek Preserve Trust Fund – This fund receives donations and revenue specifically earmarked for use at Honeycreek Preserve.

Wannemacher Preserve Trust Fund – This fund receives donations and revenue specifically earmarked for use at Wannemacher Preserve.

Park Peace Officer Training Fund – This fund receives donations and revenue specifically earmarked for use in the training of law enforcement officers.

Lost Creek Reserve Trust Fund – This fund receives donations and revenue specifically earmarked for use at Lost Creek Reserve.

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 – This fund receives revenue from the state of Ohio, and pays expenditures assigned to specific capital outlays for acquisition of real property and/or improvements of real property.

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 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.

Budgetary Process

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

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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

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.

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

A summary of 2018 budgetary activity appears in Note 3.

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 funds in its investment pool, valued at the Treasurer's reported carrying amount.

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.

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.

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:

Non-spendable - The District classifies assets as *non-spendable* 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.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,953,878	\$4,103,889	\$150,011
Special Revenue	643,207	127,251	(515,956)
Capital Projects	12,779	9,763	(3,016)
Total	\$4,609,864	\$4,240,903	(\$368,961)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,414,745	\$3,066,889	\$1,347,856
Special Revenue	248,022	128,297	119,725
Capital Projects	430,344	430,344	0
Total	\$5,093,111	\$3,625,530	\$1,467,581

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. 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 5 – Interfund Balances

Advances

Funds were advanced from the General Fund to the Capital Projects Fund during 2016, but were not repaid to the General Fund by the end of the 2018 calendar year. Outstanding advances at December 31, 2018, consisted of \$155,270 to provide funds to purchase the property and for capital improvement projects.

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Risk Pool Membership

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. PRM 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, 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017 (the most recent information available).

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management (continued)

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the most recent information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 7 – Defined Benefit Pension Plans

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – 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.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – The 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 Ashley Littrell, Finance Officer, at 216 W, Franklin Street, Troy, Ohio, 45373, or by visiting the Foundation's website.

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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, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$2,109,578			\$2,109,578
Local Govt	\$29,337			\$29,337
Grants	810	12,673	205,183	218,666
Investment Revenue	29,182			29,182
Gifts & Donations	45,635	4,150		49,785
Fees	29,840			29,840
Sales	5,216			5,216
Intergovernmental	288,024			288,024
Other Receipts	1,782	37,225		39,007
<i>Total Cash Receipts</i>	<u>2,539,404</u>	<u>54,048</u>	<u>205,183</u>	<u>2,798,635</u>
Cash Disbursements				
Current:				
Salaries	1,327,849			1,327,849
Supplies	167,507			167,507
Equipment	110,968			110,968
Contracts - Repair	129,577		5,040	134,617
Contracts - Service	354,103	7,001		361,104
Grants	16,614			16,614
Rentals	44,090			44,090
Advertising & Printing	6,293			6,293
Travel & Expenses	17,069			17,069
Public Employees Retirement	191,158			191,158
Workers Compensation & DWR	19,165			19,165
Unemployment Compensation	1,843			1,843
Other Expenses	321,340			321,340
Capital Outlay			297,086	297,086
<i>Total Cash Disbursements</i>	<u>2,707,576</u>	<u>7,001</u>	<u>302,126</u>	<u>3,016,703</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(168,172)</u>	<u>47,047</u>	<u>(96,943)</u>	<u>(218,068)</u>
Other Financing Receipts				
Refunds	3,476			3,476
Reimbursements	3,777			3,777
<i>Total Other Financing Receipts</i>	<u>7,253</u>			<u>7,253</u>
<i>Net Change in Fund Cash Balances</i>	(160,919)	47,047	(96,943)	(210,815)
<i>Fund Cash Balances, January 1</i>	<u>2,949,906</u>	<u>427,127</u>	<u>517,524</u>	<u>3,894,557</u>
Fund Cash Balances, December 31				
Restricted	11,640	474,174	420,581	906,395
Committed	11,818			11,818
Assigned	437,409			437,409
Unassigned	2,328,120			2,328,120
<i>Fund Cash Balances, December 31</i>	<u>\$2,788,987</u>	<u>\$474,174</u>	<u>\$420,581</u>	<u>\$3,683,742</u>

See accompanying notes to the financial statements.

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Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Miami County Park District (the District), Miami County, 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 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 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.

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The District is also a member of Ohio Plan 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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 funds of the District are 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.

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:

OEEF Grant Fund – This fund receives revenue for the purchase of materials and supplies for a Pollinator Education grant.

Charleston Falls Trust Fund – This fund receives donations and revenue earmarked specifically for use at Charleston Falls Preserve.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Hobart Urban Nature Preserve Trust Fund – This fund receives donations and revenue earmarked specifically for use at Hobart Urban Nature Preserve.

Honeycreek Preserve Trust Fund – This fund receives donations and revenue earmarked specifically for use at Honeycreek Preserve.

Wannemacher Preserve Trust Fund – This fund receives donations and revenue earmarked specifically for use at Wannemacher Preserve.

Park Peace Officer Training Fund – This fund receives donations and revenue earmarked specifically for use in the training of law enforcement officers.

Lost Creek Reserve Trust Fund – This fund receives donations and revenue earmarked specifically for use at Lost Creek Reserve.

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 – This fund receives revenue from the State of Ohio, and pays expenditures assigned to specific capital outlays for acquisition of real property and/or improvements of real property.

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 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.

Budgetary Process

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

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

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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

A summary of 2017 budgetary activity appears in Note 3.

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 funds in its investment pool, valued at the Treasurer's reported carrying amount.

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.

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.

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:

Non-spendable - The District classifies assets as *non-spendable* 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 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.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,904,340	\$2,546,657	(\$357,683)
Special Revenue	87,879	54,048	(33,831)
Capital Projects	234,979	205,183	(29,796)
Total	\$3,227,198	\$2,805,888	(\$421,310)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,795,772	\$2,791,376	\$1,004,396
Special Revenue	83,134	14,088	69,046
Capital Projects	752,502	302,126	450,376
Total	\$4,631,408	\$3,107,590	\$1,523,818

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Property Taxes

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.

Note 5 – Interfund Balances

Advances

Funds were advanced from the General Fund to the Capital Projects Fund during 2016, but were not repaid to the General Fund by the end of the 2017 calendar year. Outstanding advances at December 31, 2017 consisted of \$585,614 to provide funds to purchase the property and for capital improvement projects.

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Risk Pool Membership

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. PRM 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, 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management (continued)

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 7 – Defined Benefit Pension Plans

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 8 – 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 1.0 percent during calendar year 2017.

Note 9 – 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.

Miami County Park District
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – The 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 Ashley Littrell, Finance Officer, at 216 W, Franklin Street, Troy, Ohio, 45373, or by visiting the Foundation's website.

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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*

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, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2019 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 2018-001 to be a material weakness.

Compliance and Other Matters

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

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2019

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

1. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 and .A16.

The following financial statement errors were identified and resulted in adjustment to the accompanying financial statements:

- For 2017, homestead and rollback reimbursements in the amount of \$288,024 in the general fund were incorrectly classified as other receipts rather than intergovernmental receipts.
- For 2017 and 2018, farm rental revenue in the amount of \$37,225 and \$35,305, respectively, in the special revenue fund was incorrectly classified as sales receipts rather than other receipts.
- For 2017 and 2018, the District incorrectly classified all activity accounted for in the Clean Ohio fund, which was used to account for financial activity related to the Reaster Property Acquisition project and the Duke Park Property Acquisition project, as special revenue fund activity rather than capital projects fund activity on the financial statements. This activity makes up all of the activity reported in the capital projects fund on the adjusted 2017 and 2018 financial statements.
- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 16 (GASB Codification 1800.176) states, in part, that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The District failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent year in the amounts of \$377,069 and \$928,363 on the 2017 and 2018 financial statements, respectively. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the general fund.

In addition, for 2018, homestead and rollback reimbursements in the amount of \$96,945 in the general fund were incorrectly classified as other receipts rather than intergovernmental receipts. The financial statements were not adjusted for this error.

These errors were a result of a lack of monitoring performed over the financial reporting process.

Failure to correctly record and report financial transactions could lead to material financial statement errors and unreliable financial information on which District decisions are made.

The District should implement procedures to provide for accurate and complete recording and reporting of financial activity and balances to assist in the effective management and reporting of financial resources. The District should also determine proper reporting of fund balances in accordance with GASB 54 and Auditor of State Bulletin 2011-004 requirements.

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

2. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to Finding for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2018-002

Finding for Recovery – Repaid Under Audit

The District made numerous purchases on numerous District-issued credit cards throughout the audit period. However, due to late payments of the monthly credit card statements, the District was assessed and paid late fees and finance charges in nine different instances during the audit period.

State ex rel. McClure v. Hagerman 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Further, **Auditor of State Bulletin 2003-005** states, in part, that governmental entities may not make expenditures of public monies unless they are for a valid public purpose and the Auditor of State's Office will only question expenditures where the legislative determination of a proper public purpose is manifestly arbitrary and incorrect.

During 2018 and 2017, the District paid \$261 in late fees and \$1,402 in finance charges related to the District's primary credit card. Late fees and related finance charges are unnecessary expenditures which do not serve a proper public purpose. The late fees and finance charges were a result of the numerous credit card accounts and lack of control over the credit card payment process.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding repaid under audit for public monies illegally expended is hereby issued against J. Scott Myers, Executive Director, and Chris Thompson, Finance Administrator, in the amount of \$1,663, and in favor of the District's general fund.

Repayment was made via check on October 25, 2019, in the amount of \$1,663. This amount was deposited and recorded by the District's fiscal agent, Miami County, to the District general fund on October 25, 2019.

The District should establish procedures to verify that all credit card payments are made in a timely manner to avoid late fees and related finance charges. If necessary, the District should consider limiting the number of credit card accounts and the number of purchases that are made with credit cards.

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

MIAMI COUNTY PARK DISTRICT



Administration Office
 2645 E. St. Rt. 41 Troy, OH 45373
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 Fax: 937-335-6221
 www.MiamiCountyParks.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance and Material Weakness – Financial Statement Errors	Not corrected	<p>Item I: Not applicable in 2017/2018. No grants were received in 2017/2018 in which the park district neither received revenue nor disbursed appropriations.</p> <p>Item II: Corrected in 2017/2018. Subsequent to receiving Finding #2016-001, separate funds are created for disbursement of state and/or other agency funds.</p> <p>Item III: Not corrected in 2018. The Clean Ohio fund is classified as a "Special Revenue" fund on the 2018 Financial Statement.</p> <p>Not corrected on the 2017. We received a draft copy of Finding #2016-001 in February, 2018, and so were not aware of the finding prior to completion of the 2017 Financial Statement.</p> <p>Item IV: State Auditor guidance is requested on how to properly "report those amounts as assigned fund balance required to meet subsequent year appropriations" on the Financial Statement when estimated appropriations exceed estimated revenue.</p> <p>Item V: Not sure of status. The County Auditor's office classifies Homestead and Rollback exemptions, and completes the Cash Basis Annual Financial Report for the park district. I will forward Item V of Finding #2016-001 to their attention for correction (if they haven't already done so).</p>

Charleston Falls Preserve,
 Farrington Reserve, FL Blankenship Riverside
 Sanctuary, Garbry Big Woods Reserve & Sanctuary,
 Great Miami River Recreational Trail, Goode Prairie Reserve & Preserve,
 Greenville Falls State Scenic River Area, Honey Creek Preserve, Hobart Urban Nature Preserve, Lost Creek Reserve &
 Knoop Agricultural Heritage Center, Maple Ridge, Stillwater Prairie Reserve, Twin Arch Reserve, John A. Wannemacher Nature Reserve

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 5, 2019**