



**GRANVILLE RECREATION DISTRICT
LICKING COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Granville Recreation District
P. O. Box 483
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Granville Recreation District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. 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 Granville Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2023

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**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2021	4
Notes to the Financial Statement For the Year Ended December 31, 2021	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2020	12
Notes to the Financial Statement For the Year Ended December 31, 2020	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Audit Findings	23
Schedule of Prior Audit Findings	25

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INDEPENDENT AUDITOR'S REPORT

Granville Recreation District
Licking County
P.O. Box 483
Granville, Ohio 43023

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Granville Recreation District, Licking County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13, during 2020, the District adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

April 18, 2023

**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 818,705	\$ -	\$ -	\$ 818,705
Intergovernmental	55,537	-	-	55,537
Charges for Services	397,150	-	-	397,150
Miscellaneous	14,954	500	18,005	33,459
<i>Total Cash Receipts</i>	<u>1,286,346</u>	<u>500</u>	<u>18,005</u>	<u>1,304,851</u>
Cash Disbursements				
Current:				
Leisure Time Activities	1,081,512	24,000	-	1,105,512
Basic Utility Service	9,876	-	-	9,876
General Government	11,180	-	-	11,180
Debt Service:				
Principal Retirement	13,408	-	25,486	38,894
Interest and Fiscal Charges	401	-	3,106	3,507
<i>Total Cash Disbursements</i>	<u>1,116,377</u>	<u>24,000</u>	<u>28,592</u>	<u>1,168,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>169,969</u>	<u>(23,500)</u>	<u>(10,587)</u>	<u>135,882</u>
<i>Net Change in Fund Cash Balance</i>	<u>169,969</u>	<u>(23,500)</u>	<u>(10,587)</u>	<u>135,882</u>
<i>Fund Cash Balance, January 1</i>	<u>3,611</u>	<u>24,000</u>	<u>10,859</u>	<u>38,470</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 173,580</u>	<u>\$ 500</u>	<u>\$ 272</u>	<u>\$ 174,352</u>

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 –Reporting Entity

The Granville Recreation District (the District) was organized as a recreation district in February 2009 under the laws of the State of Ohio. The District has its own five-member Board of Trustees with one member appointed by the Village of Granville, one member appointed by Granville Township, and one member appointed by the Granville Exempted Village School District. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, The District is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The District also determines and operates under its own budget. Control and management of the District is governed by chapter 755 of the Ohio Revised Code with the administration of the day-to-day operations of the District being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Trustees.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the District has no related organizations or jointly governed organizations.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board; and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has no component units.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. 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 (regulatory 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.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant special revenue fund:

Coronavirus Relief Fund Revenues and expenditures associated with the corona virus pandemic.

Capital Projects Fund These funds accounts for and reports financial resources that are restricted, committed, or assigned to expenditure specifically for major capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

Parks and Recreation Fund Revenues and expenditures were for the renovation of the Wildwood Playground.

Other Capital Projects Fund Revenues and expenditures are for construction of a pavilion / shelter house at Racoon Valley Park, as well as the Wildwood playground renovation, and any other capital.

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 (C). 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 (C) 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 fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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 outstanding at year-end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio Law.

A summary of 2021 budgetary activity appears in Note 4.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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. For regulatory purposes, *nonspendable* fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the *nonspendable* portion of the corpus in permanent funds.

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 Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Noncompliance

Contrary to Ohio law, at December 31, 2021, the District's estimated receipts had not been certified by the county so, therefore, appropriations exceeded estimated resources in all of the District's funds.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 1,286,346	\$ (1,286,346)
Special Revenue	-	500	(500)
Capital Projects	-	18,005	(18,005)
Total	\$ -	\$ 1,304,851	\$ (1,304,851)

Fund Type	2021 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,407,159	\$ 1,126,854	\$ 280,305
Special Revenue	24,000	24,000	-
Capital Projects	32,500	28,592	3,908
	\$ 1,463,659	\$ 1,179,446	\$ 284,213

The District had a balance of \$24,000 in CARES Act funds in a Coronavirus Relief Fund (a special revenue fund) at the end of 2020. Those funds transferred to the General Fund in 2021 and were expended in accordance with applicable federal regulations.

Note 5 – Deposits

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2021
Demand deposits	\$ 174,352
Total deposits	\$ 174,352

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 - Property Taxes and Tax Abatements

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. The financial statements include these credits and/or deduction 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.

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

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 - Property Taxes and Tax Abatements (Continued)

Tax Abatements

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments may have entered into abatement agreements that reduced the 2021 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$8,550 for the 2021 tax year.

Note 7 – Interfund Balances

Advances

There were no outstanding interfund advances as of December 31, 2021.

Note 8 - Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

District employees participate in 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 health care 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, 2021.

Note 10 - 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, 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 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 11 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Utility Vehicle - Kubota	\$ 3,274	3.50%
Wildwood Playground	95,032	3.25%
Total	\$ 98,306	

On May 10, 2018 the District was issued a loan to pay off the 2015 purchase of a dump truck and purchase a Mower. The loan was paid off in May of 2021.

On April 18, 2018, the District entered into a capital lease agreement with John Deere Financial to lease a utility vehicle. The lease was paid off in May of 2021.

On May 18, 2019 the District entered into a renewable loan to construct Wildwood Playground. The current loan bears a variable rate and matures on May 18, 2022. There is an annual principal paydown of \$25,000 prior to maturity.

On September 15, 2020, the District entered into a capital lease agreement with Kuhn Kubota to lease a utility vehicle. The lease ends on August 15, 2022.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Utility Vehicle - Kubota	Wildwood Playground
2022	\$ 3,672	\$ 98,121
Total	\$ 3,672	\$ 98,121

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$ 10,477	\$ -	\$ -	\$ 10,477
Total	<u>\$ 10,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,477</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 414,954	\$ -	\$ -	\$ 414,954
Intergovernmental	52,264	24,000	-	76,264
Charges for Services	262,877	-	-	262,877
Miscellaneous	18,828	-	30,417	49,245
<i>Total Cash Receipts</i>	<u>748,923</u>	<u>24,000</u>	<u>30,417</u>	<u>803,340</u>
Cash Disbursements				
Current:				
Leisure Time Activities	728,605	-	-	728,605
Basic Utility Service	8,908	-	-	8,908
General Government	2,723	-	-	2,723
Capital Outlay	8,500	-	18,210	26,710
Debt Service:				
Principal Retirement	10,302	-	25,232	35,534
Interest and Fiscal Charges	835	-	5,347	6,182
<i>Total Cash Disbursements</i>	<u>759,873</u>	<u>-</u>	<u>48,789</u>	<u>808,662</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,950)</u>	<u>24,000</u>	<u>(18,372)</u>	<u>(5,322)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	8,500	-	-	8,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>8,500</u>
<i>Net Change in Fund Cash Balance</i>	<u>(2,450)</u>	<u>24,000</u>	<u>(18,372)</u>	<u>3,178</u>
<i>Fund Cash Balance, January 1</i>	<u>6,061</u>	<u>-</u>	<u>29,231</u>	<u>35,292</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 3,611</u>	<u>\$ 24,000</u>	<u>\$ 10,859</u>	<u>\$ 38,470</u>

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Granville Recreation District (The District) was organized as a recreation district in February 2009 under the laws of the State of Ohio. The District has its own five-member Board of Trustees with one member appointed by the Village of Granville, one member appointed by Granville Township, and one member appointed by the Granville Exempted Village School District. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the District is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The District also determines and operates under its own budget. Control and management of the District is governed by chapter 755 of the Ohio Revised Code with the administration of the day-to-day operations of the District being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Trustees.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the District has no related organizations or jointly governed organizations.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board; and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has no component units.

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

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. 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 (regulatory 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:

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 fund:

Coronavirus Relief Fund Revenues and expenditures associated with the corona virus pandemic.

Capital Projects Funds This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure specifically for major capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Parks and Recreation Fund Revenues and expenditures were for the renovation of the Wildwood Park playground.

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 (C). 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 (C) permit.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

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 fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2020 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. For regulatory purposes, *nonspendable* fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the *nonspendable* portion of the corpus in permanent funds.

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 Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Noncompliance

Contrary to Ohio law, at December 31, 2020, the District’s estimated receipts had not been certified by the county so, therefore, appropriations exceeded estimated resources in all of the District’s funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 757,423	\$ 757,423
Special Revenue	-	24,000	24,000
Capital Projects	-	30,417	30,417
Total	\$ -	\$ 811,840	\$ 811,840

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 964,838	\$ 771,106	\$ 193,732
Special Revenue	21,267	-	21,267
Capital Projects	50,000	48,789	1,211
	\$ 1,036,105	\$ 819,895	\$ 216,210

Note 5 – Deposits

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2020
Demand deposits	\$ 38,470
Total deposits	\$ 38,470

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits (Continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 - Property Taxes and Tax Abatements

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. The financial statements include these credits and/or deduction 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.

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

Tax Abatements

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments may have entered into abatement agreements that reduced the 2020 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$3,278 for the 2020 tax year.

Note 7 – Interfund Balances

Advances

There were no outstanding interfund advances as of December 31, 2020.

Note 8 - Risk Management

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

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

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 - Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

	<u>2020</u>
Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$5,296,707</u>

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

Note 9 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

District employees participate in 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 health care 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, 2020.

Note 10 - 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, 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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 11 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Mowers	\$ 3,156	5.80%
Utility Vehicle - Deere	5,712	4.75%
Utility Vehicle - Kubota	7,814	3.50%
Wildwood Playground	120,518	3.25%
Total	\$ 137,200	

On May 10, 2018 the District was issued a loan to pay off the 2015 purchase of a dump truck and purchase a Mower. The loan matured in May of 2021.

On April 18, 2018, the District entered into a capital lease agreement with John Deere Financial to lease a utility vehicle. The lease ends on April 23, 2023.

On May 18, 2019 the District entered into a renewable loan to construct Wildwood Playground. The current loan bears a variable rate and matures on May 18, 2021. There is an annual principal paydown of \$25,000 prior to maturity.

On September 15, 2020, the District entered into a capital lease agreement with Kuhn Kubota to lease a utility vehicle. The lease ends on August 15, 2022.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	Mowers	Utility Vehicle - Deere	Utility Vehicle - Kubota	Wildwood Playground
2021	\$ 3,201	\$ 2,682	\$ 4,407	\$ 124,435
2022	-	2,682	3,672	-
2023	-	670	-	-
Total	\$ 3,201	\$ 6,034	\$ 8,079	\$ 124,435

Granville Recreation District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 11,233	\$ -	\$ -	\$ 11,233
Total	<u>\$ 11,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,233</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – 2020 Levy

On November 3, 2020, the voters of the District passed a five year, 0.75 mill levy for parks and recreational purposes, which amounts to seven and one-half cents (\$0.075) for each one hundred dollars of valuation, for five (5) years, commencing in 2020, first due in calendar year 2021.

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

Granville Recreation District
Licking County
P.O. Box 483
Granville, Ohio 43023

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Granville Recreation District, Licking County, (the District) and have issued our report thereon dated April 18, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted that the District adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
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Report on Internal Control Over Financial Reporting (Continued)

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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2021-002.

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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

April 18, 2023

**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the District's Fiscal Officer and Board of Trustees and is essential to ensure that the information which is provided to the readers of the financial statements is complete and accurate.

The District should have procedures and controls in place to help prevent and detect errors in financial reporting. The following errors were identified on the financial statements:

- In 2020, beginning balances in the General, Special Revenue, and Capital Projects Funds did not agree to the prior year ending audited balances. This was due to the District recording the proposed adjustments as transfers. The District reversed the transfers and corrected the beginning balances to reflect these adjustments.
- In the General fund, debt payments were classified as Leisure Time Activities rather than Principal and Interest in the accounting system;
- In the Capital Projects fund, debt payments were classified as Capital Outlay rather than Principal and Interest in the accounting system;
- Loan proceeds and the corresponding Capital Outlay disbursement were not recorded in 2020;
- In 2020, Capital Outlay was recorded as Leisure Time Activities;
- In 2021, Charges for Services revenue was recorded as Capital Projects Miscellaneous and Capital Projects Miscellaneous revenue was recorded as Charges for Services; and
- In 2021, the District incorrectly transferred Coronavirus Relief Funds into the General Fund to reimburse prior year expenditures.

Not posting receipts accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The District has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

Management's Response – *Unfortunately the State Auditor's fund coding is irrelevant to the GRD's management or operations, and is the primary source of these findings. All payments made for the GRD's financing activities were recorded in the GRD's accounting system at the time the payments were made. The transfers referenced for the prior audit period were done under the direction of the State Auditor. The GRD will implement routine procedures to monitor the recording of revenue and disbursements to the correct line classification.*

**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2021-002

Material Weakness / Noncompliance

Budgetary Controls

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.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the District making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violation of 5705.36(A)(1)** indicating the District did not submit a Certificate of Estimated Resources to the County Auditor in 2021 or 2020;
- **Violations of 5705.39** indicating appropriations cannot exceed estimated resources; and
- **Violations of 5705.41(D)** relating to expenditures having prior certification of availability of funds.

Although the Board approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the District is complying with applicable sections. If The Board does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the District Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

The District did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the District Board and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the District Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the District implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response –*As the District does not receive any funds through the County and the County does not have the GRD participate in the County Budget Commission process, the District does not request the estimated resources for the General Fund or Capital Project Fund to be certified by the County. The County does not allocate funds to the GRD, and it has no impact on the GRD's budget. The auditor's finding is based on no estimated resources being certified by the County Auditor, nonetheless, the GRD estimates resources annually and adjusts those estimates as appropriate. The District's estimated resources for the both the General Fund and the Capital Project fund did indeed exceed appropriations in 2021 and 2020. We monitor appropriations and estimated resources throughout the year. We will certify to the County Auditor the annual budgetary activity on a regular basis.*

**GRANVILLE RECREATION DISTRICT
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Non-Compliance – ORC 5705.36(A) (1)	Not Corrected	Repeated as Finding 2021-002
2019-003	Material Weakness / Noncompliance – ORC 5705.39 & 5705.41(B)	Not Corrected	Repeated as Finding 2021-002

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OHIO AUDITOR OF STATE KEITH FABER



GRANVILLE RECREATION DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/1/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov