



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Granville Recreation District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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. Granville Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 21, 2021

**This page intentionally left blank.**

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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, 2019 .....	4
Notes to the Financial Statement For the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2018 .....	12
Notes to the Financial Statement For the Year Ended December 31, 2018 .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Audit Findings .....	25
Schedule of Prior Audit Findings.....	28

**This page intentionally left blank.**

## INDEPENDENT AUDITOR'S REPORT

June 25, 2021

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

To the Board of Trustees:

### ***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 **Granville Recreation District**, Licking County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

### ***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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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, 2019 and 2018, 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 Granville Recreation District, Licking County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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

**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, 2019**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 405,896	\$ -	\$ 405,896
Intergovernmental	51,548	-	51,548
Charges For Service	345,800	-	345,800
Miscellaneous	23,228	61,616	84,844
<i>Total Cash Receipts</i>	<u>826,472</u>	<u>61,616</u>	<u>888,088</u>
<b>Cash Disbursements</b>			
Current:			
Leisure Time Activities	801,496	5,971	807,467
Basic Utility Service	9,377	-	9,377
General Government	5,808	-	5,808
Capital Outlay	-	291	291
Debt Service:			
Principal Retirement	9,096	25,000	34,096
Interest and Fiscal Charges	1,305	9,191	10,496
<i>Total Cash Disbursements</i>	<u>827,082</u>	<u>40,453</u>	<u>867,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(610)</u>	<u>21,163</u>	<u>20,553</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	8,000	8,000	-
Advances Out	(8,000)	(8,000)	-
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	<u>(610)</u>	<u>21,163</u>	<u>20,553</u>
<i>Fund Cash Balance, January 1</i>	<u>6,671</u>	<u>8,068</u>	<u>14,739</u>
<b>Fund Cash Balance, December 31</b>			
Restricted	-	29,231	29,231
Unassigned	6,061	-	6,061
<i>Fund Cash Balance, December 31</i>	<u>\$ 6,061</u>	<u>\$ 29,231</u>	<u>\$ 35,292</u>

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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 is organized on a fund type basis.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

**Capital Project Fund** These funds account 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 Park 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 (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 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.

A summary of 2019 budgetary activity appears in Note 4.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**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.

***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.

***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 – Noncompliance**

Contrary to Ohio law, actual receipts exceeded Budgeted Receipts in the General and Capital Projects Funds by \$826,472 and \$61,616, respectively, for the year ended December 31, 2019. Also contrary to Ohio law, at December 31, 2019, the District's estimated receipts had not been certified by the county.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 826,472	\$ 826,472
Capital Projects	-	61,616	61,616
Total	\$ -	\$ 888,088	\$ 888,088

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 923,956	\$ 833,793	\$ 90,163
Capital Projects	65,000	40,453	24,547
Total	\$ 988,956	\$ 874,246	\$ 114,710

**Note 5 – Deposits and Investments**

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

	2019
Demand deposits	\$ 35,292
Total deposits	\$ 35,292

**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 Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 6 – Property Taxes and Tax Abatements (Continued)**

**Tax Abatements**

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, “Tax Abatement Disclosures” was effective.

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 2018 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$3,550 for the 2019 tax year.

**Note 7 – Interfund Balances**

**Advances**

There were no outstanding interfund advances as of December 31, 2019.

**Note 8 - Risk Management**

***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.

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. OPRM had 776 members as of December 31, 2019.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 8 - Risk Management (Continued)**

***Risk Pool Membership (Continued)***

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 9 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**Note 10 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 11 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Dump Truck / Mowers	\$ 10,422	5.80%
Utility Vehicle	8,062	4.75%
Wildwood Playground	145,750	4.75%
Total	\$ 164,234	

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 current loans bears an interest rate of 5.8% and matures on May 10, 2021.



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 11 – Debt (Continued)**

On April 18, 2018, the District entered into a capital lease agreement with John Deere Financial. The amount outstanding as of December 31, 2019 was \$8,062. 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, 2020. There is an annual principal paydown of \$25,000 prior to maturity.

**Amortization**

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

Year Ending December 31:	Dump Truck / Mowers	Utility Vehicle	Wildwood Playground
2020	\$ 7,687	\$2,682	\$154,941
2021	3203	2,682	
2022		2,682	
2023		670	
Total	<u>\$ 10,890</u>	<u>\$8,716</u>	<u>\$154,941</u>

**Note 12 – Subsequent Events**

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

**Note 13 – Restatement of Beginning Fund Balance**

The General Fund balance was restated as of January 1, 2019 due to a prior period audit adjustment to increase fund balance \$511. This was the result of The District voiding nine stale checks.

	<u>General Fund</u>
Ending Fund Balance at December 31, 2018	\$ 6,160
Restatement	511
Restated Fund Balance January 1, 2019	<u>\$ 6,671</u>

**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, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 422,995	\$ -	\$ 422,995
Intergovernmental	25,659	-	25,659
Charges For Service	333,399	-	333,399
Miscellaneous	10,222	251,697	261,919
	<u>792,275</u>	<u>251,697</u>	<u>1,043,972</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Leisure Time Activities	771,406	-	771,406
Basic Utility Service	9,208	-	9,208
Capital Outlay	22,723	520,921	543,644
Debt Service:			
Principal Retirement	18,715	-	18,715
Interest and Fiscal Charges	1,583	5,237	6,820
	<u>823,635</u>	<u>526,158</u>	<u>1,349,793</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,360)</u>	<u>(274,461)</u>	<u>(305,821)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	33,051	170,750	203,801
Advances In	12,000	12,000	24,000
Advances Out	(12,000)	(12,000)	(24,000)
	<u>33,051</u>	<u>170,750</u>	<u>203,801</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balance</i>	<u>1,691</u>	<u>(103,711)</u>	<u>(102,020)</u>
<i>Fund Cash Balance, January 1</i>	<u>4,469</u>	<u>111,779</u>	<u>116,248</u>
<b>Fund Cash Balance, December 31</b>			
Restricted	-	8,068	8,068
Unassigned	6,160	-	6,160
	<u>6,160</u>	<u>-</u>	<u>6,160</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 6,160</u>	<u>\$ 8,068</u>	<u>\$ 14,228</u>

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

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 is organized on a fund type basis.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

**Capital Project Fund** The capital projects 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.

**Parks and Recreation** Revenues and expenditures are 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 (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 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.

A summary of 2018 budgetary activity appears in Note 4.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**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.

***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.

***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.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 3 – Noncompliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Capital Projects Funds by \$23,311 and \$35,158, respectively, for the year ended December 31, 2018. Also contrary to Ohio law, at December 31, 2018, the District's estimated receipts had not been certified by the county.

**Note 4 – 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	\$ -	\$ 825,326	\$ 825,326
Capital Projects	-	422,447	422,447
Total	\$ -	\$ 1,247,773	\$ 1,247,773

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 808,364	\$ 831,675	\$ (23,311)
Capital Projects	491,000	526,158	(35,158)
Total	\$ 1,299,364	\$ 1,357,833	\$ (58,469)

**Note 5 – Deposits and Investments**

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

	2018
Demand deposits	\$ 14,228
Total deposits	\$ 14,228

**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 Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 6 – Property Taxes and Tax Abatements (Continued)**

**Tax Abatements**

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, “Tax Abatement Disclosures” was effective.

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 2017 tax revenue received by the District. According to the Licking County Auditor's office, the District's portion of abated taxes totaled \$2,472 for the 2018 tax year.

**Note 7 – Interfund Balances**

**Advances**

There were no outstanding interfund advances as of December 31, 2018.

**Note 8 - Risk Management**

***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.

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, 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. 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. OPRM had 774 members as of December 31, 2018.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 8 - Risk Management (Continued)**

***Risk Pool Membership (Continued)***

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	<u>2018</u>
Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 9- Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):



**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 9- Defined Benefit Pension Plans (Continued)**

**Ohio Public Employees Retirement System (Continued)**

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 9- Defined Benefit Pension Plans (Continued)**

**Ohio Public Employees Retirement System (Continued)**

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee ***	10.0 %
 <b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$41,123 for the year 2018.

**Note 10 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 10 – Postemployment Benefits (Continued)**

**Ohio Public Employees Retirement System (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for the year 2018.

**Note 11 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Dump Truck / Mowers	\$ 17,277	5.80%
Utility Vehicle	10,303	4.78%
Wildwood Playground	170,750	5.50%
Total	<u>\$ 198,330</u>	

The District was issued a loan to purchase a dump truck in the amount of \$36,953 in 2015. The loan was paid off on 5/10/2018. The balance as of December 31, 2017 was incorrectly stated at \$132,445 when it should have been \$13,244.

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 11 – Debt (Continued)**

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 current loans bears an interest rate of 5.8% and matures on May 10, 2021.

On April 18, 2018, the District entered into a capital lease agreement with John Deere Financial. The amount outstanding as of December 31, 2019 was \$8,062. The lease ends on April 23, 2023.

On May 18, 2018 the District entered into a renewable loan to construct Wildwood Playground. The current loan bears an interest rate of 5.5% and matures on May 18, 2019. There is an annual principal paydown of \$25,000 prior to maturity.

**Amortization**

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

Year Ending December 31:	Dump Truck / Mowers	Utility Vehicle	Wildwood Playground
2019	\$ 7,687	\$2,682	\$174,350
2020	7,687	2,682	
2021	3,203	2,682	
2022		2,682	
2023		670	
Total	<u>\$ 18,577</u>	<u>\$11,398</u>	<u>\$174,350</u>

**Note 12 – Subsequent Events**

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

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

June 25, 2021

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

To the Board Members:

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 **Granville Recreation District**, Licking County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses. We consider findings 2019-001 through 2019-003 to be material weaknesses.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

### **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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of audit findings as items 2019-002 and 2019-003.

### **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**

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.



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

GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

**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:

- Debt payments were classified as Leisure Time Activities rather than Principal and Interest in the accounting system;
- Loan proceeds were classified as Miscellaneous Receipts or not recorded at all; and
- Park Capital Project Fund was misclassified as Special Revenue fund rather than a Capital Projects Fund.

The financial statements have been adjusted to correct these errors.

- The fund balance was misclassified as unassigned in the General Fund when it should have been assigned for both 2019 and 2018;
- State Rollback Revenue was classified as Property Tax rather than Intergovernmental in 2018; and
- Property Tax was recorded at net rather than gross in 2018.

These errors are immaterial and the financial statements were not adjusted.

The District should implement procedures to monitor the recording of revenue and disbursements to the correct line item classification on the annual financial report. In addition, fund balance should be reviewed to ensure proper classification per GASB 54.

**Management's Response – *Though the State Auditor's fund coding is irrelevant to the GRD's management or operations, the Capital Projects fund was recoded after 2018 to be consistent with the State Auditor's classification system. Despite the coding, the Capital Project Fund has always functioned as Capital Project Fund. 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, 2019 AND 2018

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

FINDING NUMBER 2019-002

**Material Weakness/Noncompliance**

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

We noted the District did not certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year for the years ended December 31, 2019 and 2018.

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

**Management's Response – We will certify to the County Auditor the annual budgetary activity on a regular basis. 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 2019 and 2018. We monitor appropriations and estimated resources throughout the year.**



GRANVILLE RECREATION DISTRICT  
LICKING COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-003

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.39** states in part that the total appropriations from each fund should not exceed the total estimated revenue. **Ohio Rev. Code 5705.41(B)** prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Appropriations in the General Fund exceeded estimated resources in 2019 and 2018 in the amounts of \$923,956 and \$808,364, respectively. Also, appropriations in the Capital Project Fund exceeded estimates resources in the amount of \$65,000 in 2019 and \$491,000 in 2018.

Expenditures in the General Fund and the Capital Projects Fund exceeded Appropriations by \$23,311 and \$35,158, respectively, in 2018.

Appropriating more money than expected or actually received could lead to negative fund balances and monies being used to cover expenses being charged to inappropriate funds or lines items. It could also, lead to commitments being made without sufficient funds to pay for those commitments.

**Management's Response – We will certify to the County Auditor the annual budgetary activity on a regular basis. 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 2019 and 2018. We monitor appropriations and estimated resources throughout the year.**

**GRANVILLE RECREATION DISTRICT  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Partially Corrected	Repeated as Finding 2019-001
2017-002	Posting Disbursements	Repeated	Repeated as Finding 2019-001
2017-003	Non-Compliance – ORC 5705.36(A) (1)	Repeated	Repeated as Finding 2019-002
2017-004	Appropriations Exceed Estimated Revenue	Repeated	Repeated as Finding 2019-003

# 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 10/5/2021**

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](http://www.ohioauditor.gov)