



**PORTAGE PARK DISTRICT
PORTAGE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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OHIO AUDITOR OF STATE
KEITH FABER



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Board Members
Portage Park District
705 Oakwood Street, #4
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the Portage Park District, Portage 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. The Portage Park 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 11, 2021

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**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

February 16, 2021

Portage Park District
Portage County
705 Oakwood Street #4
Ravenna, Ohio 44266

To the Board Members:

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 **Portage Park District**, Portage 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 Portage County Park District, Portage 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 February 16, 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

**PORTAGE PARK DISTRICT
PORTAGE 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)
Cash Receipts			
Property Taxes	\$ 1,737,715	\$ -	\$ 1,737,715
Intergovernmental	2,517	322,390	324,907
Interest	37,581	-	37,581
Insurance Settlements	1,660	-	1,660
Contract Services	827	-	827
Gifts and Donations	20	500	520
Royalties	9,879	-	9,879
Credit Card Incentives	850	-	850
Refunds and Reimbursements	68	-	68
<i>Total Cash Receipts</i>	<u>1,791,117</u>	<u>322,890</u>	<u>2,114,007</u>
Cash Disbursements			
Current:			
Personnel	657,300	-	657,300
Contract Services	155,138	-	155,138
Materials and Supplies	88,932	4,160	93,092
Property Taxes and Assessments	6,384	-	6,384
Capital Outlay	343,216	611,078	954,294
<i>Total Cash Disbursements</i>	<u>1,250,970</u>	<u>615,238</u>	<u>1,866,208</u>
<i>Excess of Receipts Over Disbursements</i>	<u>540,147</u>	<u>(292,348)</u>	<u>247,799</u>
Other Financing Receipts (Disbursements)			
Advances In	-	40,000	40,000
Advances Out	(40,000)	-	(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(40,000)</u>	<u>40,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	500,147	(252,348)	247,799
<i>Fund Cash Balances, January 1</i>	<u>1,241,611</u>	<u>329,820</u>	<u>1,571,431</u>
Fund Cash Balances, December 31			
Restricted	-	77,472	77,472
Assigned	1,741,758	-	1,741,758
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,741,758</u>	<u>\$ 77,472</u>	<u>\$ 1,819,230</u>

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

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

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

The Portage Park District Foundation is a distinct non-profit organization associated with the Portage County Park District. The Foundation has its own governing board of 15 Trustees that determines the disbursement of Foundation funds. The Portage County Park District Board of Commissioners does not have the authority to compel distribution of or access the funds of the Foundation and so it is not considered a component unit of the Portage County Park District. The Foundation annually reports its financial activity to the Internal Revenue Service via form 990. Their net assets as of December 31, 2019 were \$259,568.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for all governmental fund types which is 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.

Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Funds are advanced and transferred into this fund from the General Fund for the purpose of cash flowing projects prior to reimbursement from grants. The District had the following significant capital project fund:

Tinkers Creek Greenway Fund This fund was created to receive grants and donations for land acquisition and capital improvements in an area identified as the Tinkers Creek Greenway.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3 – Budgetary Activity

Budgetary Activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,698,104	\$ 1,791,117	\$ (906,987)
Capital Projects	1,176,439	362,890	(813,549)
	\$ 3,874,543	\$ 2,154,007	\$ (1,720,536)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,483,863	\$ 2,140,541	\$ 343,322
Capital Projects	634,183	615,238	18,945
	\$ 3,118,046	\$ 2,755,779	\$ 362,267

Note 4 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 5 – Interfund Balances

Advances

Outstanding advances at December 31, 2019, consisted of the following amounts that were advanced from the General Fund to Capital Funds for the purpose of cash flow of projects prior to grant reimbursements. The Board authorized extensions to December 31, 2020 from the original cash advance return schedules. If inadequate funds from grant reimbursements are available to return to the general fund, the Board will reclassify the unreturned advances as permanent cash transfers.

Year	Resolution	To Fund	Amount
2017	Resolution 2017-28	Tinkers Creek Greenway Fund	\$ 450,000
2017	Resolution 2017-37	Tinkers Creek Greenway Fund	\$ 365,000
2017	Resolution 2017-37	Headwaters Trail Fund	\$ 295,000 (\$136,820 returned)
2017	Resolution 2017-59	Kent Bog Park Fund	\$ 20,000
2018	Resolution 2018-28	Morgan Park Fund	\$148,814
2019	Resolution 2019-38	Tinkers Creek Greenway Fund	\$ 40,000

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 - Risk Management

Risk Membership Pool

The Portage Park District has insurance coverage through Portage County, which is a member of the County Risk Sharing Authority, Inc. (CORSA) which is a property and liability self-insurance pool that was established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine-member Board of Trustees, all of whom must be commissioners from the member counties. The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty-five counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance / Self-Insurance Program, a group primary and excess insurance / self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The District does not have an equity interest in CORSA. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

Workers' Compensation

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

Note 7 – Defined Benefit Pensions Plans

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 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, 2019.

Note 8 – 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 9 – Construction and Contractual Commitments

The following are outstanding construction and contractual commitments as of December 31, 2019:

- Land acquisition contract for Tinkers Creek Greenway II and other: \$115,200
- Construction of Towner's Woods Gazebo: \$26,040
- Construction of Morgan Operations Center: \$429,210
- Construction of Trail Lake Parking Lot: \$238,091
- Engineering and Architectural Services for Trail Lake, Towner's Woods and Morgan Park: \$27,363
- Multiple encumbrances: \$8,250

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – ODOT Allocation

The District receives a biennial road tax allocation for park district roads and parking lots from the Ohio Department of Transportation, as do other park districts in the state. The funds are held by ODOT and are used by the Park District via ODOT purchase order encumbrances or are administered through the Local Public Agency agreement between ODOT and the Park District. Actual receipts and expenditures for projects funded by the allocation were included as memo entries in the 2019 budget report and this financial report. Estimated receipts of ODOT allocation are budgeted as State Aid / Subsidy in the General Fund.

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.

**PORTAGE PARK DISTRICT
PORTAGE 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**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 1,718,880	\$ -	\$ 1,718,880
Intergovernmental	28,554	136,820	165,374
Registration Fees	263	-	263
Interest	24,885	-	24,885
Insurance Settlements	7,500	-	7,500
Contract Services	1,303	-	1,303
Gifts and Donations	3,228	-	3,228
Royalties	8,930	-	8,930
Credit Card Incentives	725	-	725
Refunds and Reimbursements	63,755	-	63,755
Local Grant	65,900	-	65,900
Rentals	1,200	-	1,200
<i>Total Cash Receipts</i>	<u>1,925,123</u>	<u>136,820</u>	<u>2,061,943</u>
Cash Disbursements			
Current:			
Personnel	538,270	-	538,270
Contract Services	136,466	-	136,466
Materials and Supplies	79,826	-	79,826
Property Taxes and Assessments	13,190	-	13,190
Capital Outlay	434,685	1,118,380	1,553,065
<i>Total Cash Disbursements</i>	<u>1,202,437</u>	<u>1,118,380</u>	<u>2,320,817</u>
<i>Excess of Receipts Over Disbursements</i>	<u>722,686</u>	<u>(981,560)</u>	<u>(258,874)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	661,186	661,186
Transfers Out	(661,186)	-	(661,186)
Advances In	136,820	148,814	285,634
Advances Out	(148,814)	(136,820)	(285,634)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(673,180)</u>	<u>673,180</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	49,506	(308,380)	(258,874)
<i>Fund Cash Balances, January 1</i>	<u>1,192,105</u>	<u>638,200</u>	<u>1,830,305</u>
Fund Cash Balances, December 31			
Restricted	-	329,820	329,820
Assigned	396,109	-	396,109
Unassigned	845,502	-	845,502
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,241,611</u>	<u>\$ 329,820</u>	<u>\$ 1,571,431</u>

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

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

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

The Portage Park District Foundation is a distinct non-profit organization associated with the Portage Park District. The Foundation has its own governing board that determines the disbursement of Foundation funds. The Portage Park District Board of Commissioners does not have the authority to compel distribution of or access the funds of the Foundation and so it is not considered a component unit of the Portage Park District. The Foundation annually reports its financial activity to the Internal Revenue Service via form 990. Their net assets as of December 31, 2018 were \$166,452.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for all governmental fund types which is 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.

Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Funds are advanced and transferred into this fund from the General Fund for the purpose of cash flowing projects prior to reimbursement from grants. The District had the following significant capital project funds:

Headwaters Trail Capital Improvement Fund This fund was established for the purpose of using state and federal grants for the acquisition and construction of the Headwaters Trail, a multipurpose hike and bike trail. Funds are advanced and transferred into this fund from the General Fund for the purpose of cash flowing projects prior to reimbursement from grants. Awarded grants include the State Clean Ohio Trails Fund grant for acquisition of trail corridor and a federal Recreational Trails grant for trail improvements (both grants administered through Ohio Department of Natural Resources). In 2018 grant funds were received in the Headwaters Trail Fund and returned to the General Fund.

Dix Park Capital Improvement Fund This fund was established for the purpose of using restricted funds for the development of Dix Park. The balance of funds was spent in 2018.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Morgan Park Capital Improvement Fund was established as a capital improvement fund for the acquisition and development of Morgan Park. The Park District was awarded a Clean Ohio Greenspace Fund grant for land acquisition. Funds were transferred and advanced into the Morgan Fund from the General Fund to contribute towards the purchase and to cash flow a portion of the acquisition prior to reimbursement by grant funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 3.

Deposits and Investments

As the Ohio Revised Code permits, the Portage County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

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.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 - Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3 – Budgetary Activity

Budgetary Activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,838,837	\$ 2,061,943	\$ 223,106
Capital Projects	2,408,490	946,820	(1,461,670)
	\$ 4,247,327	\$ 3,008,763	\$ (1,238,564)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,669,577	\$ 2,014,936	\$ 654,641
Capital Projects	3,019,514	1,255,200	1,764,314
	\$ 5,689,091	\$ 3,270,136	\$ 2,418,955

Note 4 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 5 – Interfund Balances

Advances

Outstanding advances as of December 31, 2018 consisted of \$1,141,994 advanced from the General Fund to multiple capital projects funds in 2017 to provide cash flow. Cash advances are to be returned after grant reimbursements are received. Not all grant reimbursements that were expected were received by December 31, 2018. If insufficient grant funds are received in capital funds to return the full cash advances to the general fund, the Board will authorize the reclassification of the remaining advanced balance as a permanent cash transfer from the general fund to the capital funds.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 6 - Risk Management

Risk Membership Pool

The Portage Park District has insurance coverage through Portage County, which is a member of the County Risk Sharing Authority, Inc. (CORSA) which is a property and liability self-insurance pool that was established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine-member Board of Trustees, all of whom must be commissioners from the member counties. The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty-five counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance / Self-Insurance Program, a group primary and excess insurance / self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, public official's liability, and police professional insurance.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The District does not have an equity interest in CORSA. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

Workers' Compensation

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

Note 7 – Defined Benefit Pensions Plans

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

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

Note 8 – Postemployment Benefits

OPERS offers 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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Construction and Contractual Commitments

A contract for website services in the amount of \$2,500 was carried over into 2019.

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – ODOT Allocation

The District receives a biennial road tax allocation for park district roads and parking lots from the Ohio Department of Transportation, as do other park districts in the state. The funds are held by ODOT and are used by the Park District via ODOT purchase order encumbrances or are administered through the Local Public Agency agreement between ODOT and the Park District. In previous years, those allocations and expenditures were not included in the Park District budget appropriations, however upon suggestion of the County Auditor, memos of the actual receipts and expenditures for projects funded by the allocation were included as memo entries in the 2018 budget report and this financial report.

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.

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

February 16, 2021

Portage Park District
Portage County
705 Oakwood Street #4
Ravenna, Ohio 44266

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 **Portage Park District**, Portage 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 February 16, 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 a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of 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

**PORTAGE PARK DISTRICT
PORTAGE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Posting Receipts and Fund Balances

The District is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

During 2019 and 2018, receipts and fund balances were not always posted or classified correctly. The following posting errors were noted:

- The General Fund was classified as entirely Unassigned rather than partially Assigned in 2018.
- The General Fund was classified as partially Unassigned and partially Assigned rather than entirely Assigned in 2019.
- State rollback revenue was incorrectly posted as Property Tax receipts in both 2019 and 2018.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all material reclassifications.

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.

We also recommend the Clerk refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management’s Response – *“I had an accounting firm assist with the preparation and review of the 2019 Hinkle report before it was submitted. The material misstatements you found were based on misunderstandings of how to classify those funds, as well as the rollback amounts from the state. We believed we had stated everything correctly, but will make amendments to indicate that we now know about those mistakes in fund balance assignment and intergovernmental receipts.”*

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OHIO AUDITOR OF STATE KEITH FABER



PORTAGE PARK DISTRICT

PORTAGE 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 5/25/2021

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