



OHIO AUDITOR OF STATE
KEITH FABER



**NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS
LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

North Coast Regional Council of Park Districts
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Council Members:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the North Coast Regional Council of Park Districts, Lorain County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of December 31, 2022, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2023

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North Coast Regional Council of Park Districts

Lorain County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2022

	<u>General</u>	<u>ILF Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Project Income	\$672,810		\$672,810
Earnings on Investments	2,306	\$7,700	10,006
<i>Total Cash Receipts</i>	<u>675,116</u>	<u>7,700</u>	<u>682,816</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Contract Services	318,342		318,342
Other Services	6,055		6,055
Other	1,212		1,212
<i>Total Cash Disbursements</i>	<u>325,609</u>	<u>0</u>	<u>325,609</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>349,507</u>	<u>7,700</u>	<u>357,207</u>
<i>Net Change in Fund Cash Balances</i>	<u>349,507</u>	<u>7,700</u>	<u>357,207</u>
<i>Fund Cash Balances, January 1</i>	<u>3,377,884</u>	<u>5,531,994</u>	<u>8,909,878</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,727,391</u></u>	<u><u>\$5,539,694</u></u>	<u><u>\$9,267,085</u></u>

NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. REPORTING ENTITY

Description of the Entity

The North Coast Regional Council of Park Districts (the Council), was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The Council was formed in part to designate sites within its jurisdictions to acquire, improve, restore, enhance, and/or preserve with funds received from the U.S. Army Corps of Engineers, the Ohio EPA and/or developers of certain wetlands provided the developers contribute certain sums of money which are then used as described above.

The Council is a jointly governed organization which currently includes the Lorain County Metropolitan Park District, Erie Metropolitan Parks, Medina County Park District, Wood County Park District, and Sandusky County Park District. Each member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners.

The Council participates in a public entity risk pool. Note 4 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

PEP – 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 Council’s management believes these financial statements present all activities for which the Council is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

B. Fund Accounting

The Council 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 Council 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 Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (CONTINUED)

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

In Lieu of Fees Funds paid into the ILF Program Fund may only be used for the direct replacement and management of aquatic resources under the Clean Water Act. This means the selection, design, acquisition (i.e., appraisals, surveys, title insurance, license and usage fees etc.), implementation and management of in-lieu fee compensatory mitigation projects. This may include fees associated with securing a permit for conducting mitigation activities, activities related to the restoration (re-establishment and rehabilitation), enhancement, establishment and/or preservation of aquatic resources, maintenance, adaptive management and monitoring of mitigation sites, and the purchase of credits from mitigation banks. Use of fees is explicitly prohibited for activities such as upland preservation (other than buffers), research, education and outreach or implementation of best management practices for wetlands.

C. Deposits and Investments

The Council maintains all funds in interest bearing checking and savings accounts.

D. Fund Balance

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

1. Nonspendable

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

2. 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.

3. Committed

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

NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. 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 Board or a Council official delegated that authority by resolution, or by State Statute.

5. 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 Council 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.

Included in fund balance are amounts the Council cannot spend. At year end the balances of these amounts were as follows:

	General Fund	Special Revenue Fund	Total
Fund Cash Balances, December 31			
Restricted	0	\$5,539,694	\$5,539,694
Unassigned (Deficit)	\$3,727,391	0	3,727,391
<i>Fund Cash Balances, December 31</i>	<i>\$3,727,391</i>	<i>\$5,539,694</i>	<i>\$9,267,085</i>

The fund balance of special revenue funds is either restricted or committed.

3. DEPOSITS AND INVESTMENTS

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments are held in a demand savings accounts which diversify funds into separate banks and are FDIC insured.

NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2022

4. RISK MANAGEMENT

The Council is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Council's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

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OHIO AUDITOR OF STATE KEITH FABER



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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

North Coast Regional Council of Park Districts
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Council Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2022 and the related notes to the financial statements of the North Coast Regional Council of Park Districts, Lorain County, (the Council) and have issued our report thereon dated October 17, 2023, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2023

OHIO AUDITOR OF STATE KEITH FABER



NORTH COAST REGIONAL COUNCIL OF PARK DISTRICTS

LORAIN 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 11/9/2023

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