

Canton Joint Recreation District

Audited Financial Statements

December 31, 2003 and 2002



**Auditor of State
Betty Montgomery**

Board Members
Canton Joint Recreational District
1101 Market Avenue
North Canton, Ohio 44702

We have reviewed the Independent Auditor's Report of the Canton Joint Recreational District, Stark County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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 Canton Joint Recreational District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 14, 2004

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**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

DECEMBER 31, 2003 AND 2002

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

August 12, 2004

District Board Members
Canton Joint Recreation District
1101 Market Avenue North
Canton, OH 44702

Independent Auditor's Report

We have audited the accompanying financial statements of the Canton Joint Recreation District (the "District") as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Canton Joint Recreation District as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 12, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board Members, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

CANTON JOINT RECREATION DISTRICT
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	(Memorandum Only)	
	General	Total
CASH RECEIPTS:		
Property and other Local Taxes	\$ 668,063	\$ 668,063
Intergovernmental Revenue	77,669	77,669
Charges for Services	27,905	27,905
Fees	127,881	127,881
Interest	3,082	3,082
Miscellaneous	2,247	2,247
Total Cash Receipts	906,847	906,847
CASH DISBURSEMENTS:		
Current:		
Salaries - Employees	573,094	573,094
Supplies	89,955	89,955
Contract - Services	84,774	84,774
Fixed Charges	42,224	42,224
School Employee Retirement System	71,131	71,131
Other	1,230	1,230
Capital Outlay	46,117	46,117
Total Cash Disbursements	908,525	908,525
Total Cash Receipts Over (Under) Cash Disbursements	(1,678)	(1,678)
FUND CASH BALANCES, January 1, 2003	259,079	259,079
FUND CASH BALANCES, December 31, 2003	\$ 257,401	\$ 257,401
RESERVE FOR ENCUMBRANCES	\$ 2,161	\$ 2,161

The accompanying notes are an integral part of these financial statements.

CANTON JOINT RECREATION DISTRICT
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Special Revenue	(Memorandum Only) Total
CASH RECEIPTS:			
Property and Other Local Taxes	\$ 690,090	\$ 0	\$ 690,090
Intergovernmental Revenue	79,674	0	79,674
Charges For Services	26,990	94,073	121,063
Fees	33,997	0	33,997
Interest	1,968	836	2,804
Miscellaneous	4,620	6,160	10,780
	837,339	101,069	938,408
CASH DISBURSEMENTS:			
Current:			
Salaries - Employees	566,872	0	566,872
Supplies	13,505	23,152	36,657
Contract - Services	101,363	52,701	154,064
Fixed Charges	38,108	0	38,108
School Employee Retirement System	67,235	0	67,235
Other	278	392	670
Capital Outlay	30,260	0	30,260
	817,621	76,245	893,866
Total Cash Disbursements	817,621	76,245	893,866
Total Cash Receipts Over (Under) Cash Disbursements	19,718	24,824	44,542
Residual Equity Transfer	70,532	(70,532)	0
FUND CASH BALANCES, January 1, 2002	168,829	45,708	214,537
FUND CASH BALANCES, December 31, 2002	\$ 259,079	\$ 0	\$ 259,079
RESERVE FOR ENCUMBRANCES	\$ 6,763	\$ 0	\$ 6,763

The accompanying notes are an integral part of these financial statements.

**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Canton Joint Recreation District, Stark 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 District is directed by a five-member Board, two appointed by the Canton City School District Board of Education and three appointed by the Mayor of the City of Canton. The District provides maintenance and supervision services for all public recreation facilities within the Canton City School District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (The State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District's only Special Revenue Fund is the Special Fund which receives entry fees and other revenues for the operation and maintenance of recreational programs sponsored by the District. The Special Revenue Fund was eliminated in fiscal year 2003 by merging with the General Fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Recreation Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets in the financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$ 235,351	\$ 237,271
STAR Ohio	22,051	21,808
Total deposits and investments	\$ 257,402	\$ 259,079

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 is as follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 936,500	\$ 906,847	\$ (29,653)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,047,802	\$ 910,686	\$ 137,116

**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

NOTE 3: BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 858,897	\$ 837,338	\$ (21,559)
Special Revenue	94,300	101,070	6,770
General	<u>\$ 953,197</u>	<u>\$ 938,408</u>	<u>\$ (14,789)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 883,802	\$ 824,384	\$ 59,418
Special Revenue	100,985	76,745	24,240
Total	<u>\$ 984,787</u>	<u>\$ 901,129</u>	<u>\$ 83,658</u>

General Fund actual receipts and Special Revenue Fund Expenditures do not include the residual equity transfer of \$70,532 from the Special Fund to the General Fund.

NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County each April 30.

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

**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

NOTE 5: RETIREMENT SYSTEM

The District's full-time employees belong to the State Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of SERS contributed 10% of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

NOTE 6: RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive Property and Inland Marine
- Vehicles; and
- General Liability

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

NOTE 7: RESIDUAL EQUITY TRANSFER

In prior years, the District reported one special fund which was to account for program activities. It was determined in the prior audit the activities and cash balance was not restricted for any particular purpose. Therefore, the Board made a motion at the end of 2002 to eliminate the fund and merge it into the General fund of the District. This transaction is reported as a residual equity transfer on the 2002 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances in the amount of \$70,532.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

August 12, 2004

Canton Joint Recreation District
1101 Market Avenue North
Canton, OH 44702

Report of Independent Accountant's on Compliance and on Internal Control Required by *Government Auditing Standards*

We have audited the financial statements of the Canton Joint Recreation District (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 12, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 12, 2004.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated August 12, 2004.

This report is intended for the information and use of management and the Recreation Board, and is not intended to be and should not be used by anyone other than these specific parties.

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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**CANTON JOINT RECREATION DISTRICT
STARK COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 4, 2004**