

# **Canton Joint Recreation District**

*Audited Financial Statements*

*December 31, 2005 and 2004*





**Auditor of State  
Betty Montgomery**

Board Members  
Canton Joint Recreation District  
1101 Market North, Suite 200  
North Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Canton Joint Recreation District, Stark County, prepared by Rea & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 7, 2006

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**CANTON JOINT RECREATION DISTRICT  
STARK COUNTY**

**DECEMBER 31, 2005 AND 2004**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 4, 2006

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, 2005 and 2004, 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position and cash flows for the years then ended.

Also, 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, 2005 and 2004, 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 May 4, 2006 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, agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Rea & Associates, Inc.*

CANTON JOINT RECREATIONAL 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, 2005

		(Memorandum Only)
	<u>General</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>		
Property and other Local Taxes	\$ 688,034	\$ 688,034
Intergovernmental Revenue	78,308	78,308
Charges For Services	28,095	28,095
Fees	111,767	111,767
Interest	3,037	3,037
Miscellaneous	<u>1,669</u>	<u>1,669</u>
 Total Cash Receipts	 <u>910,910</u>	 <u>910,910</u>
 <b>CASH DISBURSEMENTS:</b>		
Current:		
Salaries - Employees	666,679	666,679
Supplies	47,901	47,901
Contract - Services	65,725	65,725
Fixed Charges	41,260	41,260
School Employee Retirement System	77,569	77,569
Other	465	465
Capital Outlay	<u>39,882</u>	<u>39,882</u>
 Total Cash Disbursements	 <u>939,481</u>	 <u>939,481</u>
 Total Cash Receipts Over (Under) Cash Disbursements	 (28,571)	 (28,571)
 FUND CASH BALANCES, January 1, 2005	 <u>228,988</u>	 <u>228,988</u>
 FUND CASH BALANCES, December 31, 2005	 <u>\$ 200,417</u>	 <u>\$ 200,417</u>
 RESERVE FOR ENCUMBRANCES	 <u>\$ 2,168</u>	 <u>\$ 2,168</u>

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

CANTON JOINT RECREATIONAL 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, 2004

		(Memorandum Only)
	<u>General</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>		
Property and Other Local Taxes	\$ 667,938	\$ 667,938
Intergovernmental Revenue	91,291	91,291
Charges For Services	27,530	27,530
Fees	114,790	114,790
Interest	2,855	2,855
Miscellaneous	<u>1,860</u>	<u>1,860</u>
 Total Cash Receipts	 906,264	 906,264
<b>CASH DISBURSEMENTS:</b>		
Current:		
Salaries - Employees	648,028	648,028
Supplies	46,654	46,654
Contract - Services	78,773	78,773
Fixed Charges	48,825	48,825
School Employee Retirement System	73,386	73,386
Other	990	990
Capital Outlay	<u>38,021</u>	<u>38,021</u>
 Total Cash Disbursements	 <u>934,677</u>	 <u>934,677</u>
 Total Cash Receipts Over (Under) Cash Disbursements	 (28,413)	 (28,413)
 FUND CASH BALANCES, January 1, 2004	 <u>257,401</u>	 <u>257,401</u>
 FUND CASH BALANCES, December 31, 2004	 <u>\$ 228,988</u>	 <u>\$ 228,988</u>
 RESERVE FOR ENCUMBRANCES	 <u>\$ 2,209</u>	 <u>\$ 2,209</u>

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



**CANTON JOINT RECREATION DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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**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, 2005 AND 2004**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2005 and 2004 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, 2005 AND 2004**

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**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:

	2005	2004
Demand deposits	\$ 177,389	\$ 206,655
STAR Ohio	23,028	22,333
Total deposits and investments	\$ 200,417	\$ 228,988

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, 2005 and 2004 is as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 897,549	\$ 910,910	\$ 13,361

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,017,313	\$ 941,649	\$ 75,664

**CANTON JOINT RECREATION DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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NOTE 3: BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$ 903,000</u>	<u>\$ 906,264</u>	<u>\$ 3,264</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$ 1,000,304</u>	<u>\$ 936,886</u>	<u>\$ 63,418</u>

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, 2005 AND 2004**

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**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 2005 and 2004, 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, 2005.

**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.

Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

May 4, 2006

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

Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *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, 2005 and 2004, and have issued our report thereon dated May 4, 2006, wherein we noted the District follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 reportable 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 caused by error or fraud 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 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*. However, we noted certain instances of noncompliance that we have reported to management of the District in a separate letter dated May 4, 2006.

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**

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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  
JUNE 27, 2006**