



Mary Taylor, CPA
Auditor of State

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY

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Mary Taylor, CPA
Auditor of State

Mill Creek Metropolitan Park District
Mahoning County
P.O. Box 596
Canfield, Ohio 44406-0596

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

February 2, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mill Creek Metropolitan Park District
Mahoning County
P.O. Box 596
Canfield, Ohio 44406-0596

To the Board of Commissioners:

We have audited the accompanying financial statements of Mill Creek Metropolitan Park District, Mahoning County, (the Park District) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Park District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Park District's larger (i.e. major) funds separately. While the Park District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Park Districts to reformat their statements. The Park District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Park District as of December 31, 2007 and December 31, 2006, or its changes in financial position 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 Mill Creek Metropolitan Park District, Mahoning County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Park District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009, on our consideration of the Park 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 2, 2009

**MILLCREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$6,949,162			\$6,949,162
Licenses, Permits and Fees	1,094,861			1,094,861
Intergovernmental	792,052			792,052
Grants - Federal			\$338,045	338,045
Refunds and Reimbursements	777,965			777,965
Gas Royalties		\$353,484		353,484
Rentals	272,076			272,076
Donations	173,573			173,573
Earnings on Investments	110,501	52,943		163,444
Sale of Goods	64,041			64,041
Employee Health Care Contributions	33,997			33,997
Miscellaneous	18,971			18,971
Fellows Trust Fund	22,099			22,099
Charges for Services	15,131			15,131
Total Cash Receipts	<u>10,324,429</u>	<u>406,427</u>	<u>338,045</u>	<u>11,068,901</u>
Cash Disbursements:				
Current Disbursements:				
Salaries - Employees	4,695,327			4,695,327
Materials and Supplies	1,762,839			1,762,839
Equipment	322,291			322,291
Capital Improvements	781,692	1,602,474	479,837	2,864,003
General Expenses	3,018,672			3,018,672
Total Cash Disbursements	<u>10,580,821</u>	<u>1,602,474</u>	<u>479,837</u>	<u>12,663,132</u>
Total Receipts Over/(Under) Disbursements	<u>(256,392)</u>	<u>(1,196,047)</u>	<u>(141,792)</u>	<u>(1,594,231)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	12,372	7,743	138,255	158,370
Transfers-Out	(7,743)	(150,627)		(158,370)
Advances-In			196,248	196,248
Advances-Out		(196,248)		(196,248)
Total Other Financing Receipts / (Disbursements)	<u>4,629</u>	<u>(339,132)</u>	<u>334,503</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(251,763)</u>	<u>(1,535,179)</u>	<u>192,711</u>	<u>(1,594,231)</u>
Fund Cash Balances, January 1	<u>2,976,954</u>	<u>1,608,069</u>	<u>0</u>	<u>4,585,023</u>
Fund Cash Balances, December 31	<u>\$2,725,191</u>	<u>\$72,890</u>	<u>\$192,711</u>	<u>\$2,990,792</u>
Reserve for Encumbrances, December 31	<u>\$243,562</u>	<u>\$0</u>	<u>\$0</u>	<u>\$243,562</u>

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

**MILLCREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$6,833,940			\$6,833,940
Licenses, Permits and Fees	1,065,813			1,065,813
Intergovernmental	667,457			667,457
Grants - Federal			\$43,964	43,964
Grants - State			758,084	758,084
Park Foundation			254,000	254,000
Refunds and Reimbursements	469,856			469,856
Gas Royalties		\$348,536		348,536
Rentals	259,895			259,895
Donations	115,625			115,625
Earnings on Investments	102,450	64,407		166,857
Sale of Goods	62,643			62,643
Employee Health Care Contributions	34,614			34,614
Miscellaneous	29,224			29,224
Fellows Trust Fund	21,411			21,411
Charges for Services	15,546			15,546
Total Cash Receipts	<u>9,678,474</u>	<u>412,943</u>	<u>1,056,048</u>	<u>11,147,465</u>
Cash Disbursements:				
Current Disbursements:				
Salaries - Employees	4,471,365			4,471,365
Materials and Supplies	1,598,311			1,598,311
Equipment	253,963			253,963
Capital Improvements	763,689		1,049,925	1,813,614
General Expenses	2,472,414			2,472,414
Total Cash Disbursements	<u>9,559,742</u>	<u>0</u>	<u>1,049,925</u>	<u>10,609,667</u>
Total Receipts Over/(Under) Disbursements	<u>118,732</u>	<u>412,943</u>	<u>6,123</u>	<u>537,798</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	9,284			9,284
Transfers-Out		(9,284)		(9,284)
Advances-In		7,000		7,000
Advances-Out			(7,000)	(7,000)
Total Other Financing Receipts / (Disbursements)	<u>9,284</u>	<u>(2,284)</u>	<u>(7,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>128,016</u>	<u>410,659</u>	<u>(877)</u>	<u>537,798</u>
Fund Cash Balances, January 1	<u>2,848,938</u>	<u>1,197,410</u>	<u>877</u>	<u>4,047,225</u>
Fund Cash Balances, December 31	<u><u>\$2,976,954</u></u>	<u><u>\$1,608,069</u></u>	<u><u>\$0</u></u>	<u><u>\$4,585,023</u></u>
Reserve for Encumbrances, December 31	<u><u>\$360,396</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$360,396</u></u>

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

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mill Creek Metropolitan Park District, Mahoning County, (the Park District) as a body corporate and politic. The Probate Judge of Mahoning County appoints a three-member Board of Commissioners to govern the Park 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 Mill Creek Park Foundation is also associated with the Park District. The Foundation was created in March of 1979 and is operated exclusively for charitable and educational purposes, to wit, for the purpose of making capital improvements within the Park District. The Foundation is a tax exempt trust as determined by 501(c)(3) of the Internal Revenue Code. The Foundation operates under a 3 person Board consisting of the Park Board's President, a person selected by the Mahoning County Probate Judge, and the third member appointed by these two members.

Financial information on the Foundation can be obtained by contacting Terry Cloonan, C/O Huntington National Bank, 23 Federal Plaza, Youngstown, Ohio 44501.

The Fellows Trust is also associated with the Park District. The Trust was created through the last will and testament of Elizabeth A. Fellows in April of 1942, as a perpetual endowment for the upkeep of land donated to the Park from the Fellow's estate, now known as the Fellows Riverside Garden. The monies were bequeathed to Union National Bank in 1942, as the Trustee, currently held by JP Morgan Chase Bank, and invested by said Trustee, of which only interest income is to be paid each year from this account to the Park District for the creation, care and maintenance of the Fellows Riverside Garden. The interest payments received by the Park District are reflected on the financial statements of this report. The current values of the trust account with JP Morgan Chase Bank are \$474,592 as of December 31, 2007 and \$470,610 as of December 31, 2006.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Park District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Cash and Investments

The Park 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.

The Park District values the investment in STAR Ohio at share values reported by the State Treasurer. The investments in repurchase agreements are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Park District had the following significant Special Revenue Fund:

Replacement Reserve Fund – In accordance with Ohio Revised Code Section 1545.28, this fund accounts for gas and oil royalties and interest earnings utilized for restoration projects.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Park District had the following significant Capital Project Funds:

Clean Ohio Land Fund – This fund accounts for state monies received to maintain land used as a conservation area.

Suspension Bridge Fund – This fund accounts for state and federal monies received to repair a suspension bridge located within the Park District.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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 Park District 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 Park 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 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Park District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. 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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	(\$236,678)	(\$105,381)
<u>Investments:</u>		
STAR Ohio	1,733,733	1,648,600
Repurchase agreement	1,493,737	3,041,804
Total investments	3,227,470	4,690,404
Total deposits and investments	\$2,990,792	\$4,585,023

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The Park District's financial institution transfers securities to the Park District's agent to collateralize repurchase agreements. The securities are not in the Park District's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,010,303	\$10,336,801	\$326,498
Special Revenue	357,743	414,170	56,427
Capital Projects	672,548	672,548	0
Total	\$11,040,594	\$11,423,519	\$382,925

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,626,861	\$10,832,126	\$794,735
Special Revenue	1,965,812	1,949,349	16,463
Capital Projects	672,547	479,837	192,710
Total	\$14,265,220	\$13,261,312	\$1,003,908

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,558,188	\$9,687,758	\$129,570
Special Revenue	300,000	419,943	119,943
Capital Projects	1,056,048	1,056,048	0
Total	\$10,914,236	\$11,163,749	\$249,513

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,034,806	\$9,920,138	\$1,114,668
Special Revenue	1,504,410	9,284	1,495,126
Capital Projects	1,056,925	1,056,925	0
Total	\$13,596,141	\$10,986,347	\$2,609,794

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners 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 Park District.

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

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

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, full time police officers contributed 10.1% of their gross salaries and the Park District contributed an amount equaling 17.17% and 16.93%, respectively, of participants' gross salaries. For 2007 and 2006, all other OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Park District contributed an amount equaling 13.85% and 13.7%%, respectively, of participants' gross salaries. The Park District has paid all contributions required through December 31, 2007.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

The Park District is exposed to various risks of property and casualty losses, and injuries to employees.

The Park District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Park District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT - (Continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Park District's share of these unpaid claims collectible in future years is approximately \$163,000. This payable includes the subsequent year's contribution due if the Park District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2005	\$141,035
2006	\$142,740
2007	\$141,786

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT - (Continued)

Self Insurance

The Park District is also self insured for medical, dental, and prescription drugs. Interfund rates are charged based on claims approved by the claims administrator. The Park District obtains an actuarial report that reflects a valuation that provides an estimate of runoff liability for incurred but not reported (IBNR) claims of the self-insurance program based on generally accepted actuarial assumptions, methods and principles, with particular regard to the standards set forth in the Actuarial Standard of Practice No. 5 of the Actuarial Standards Board of the American Academy of Actuaries. The actuarial recommends the Park District maintain reserves of \$83,978 as of July 31, 2007, \$80,020 as of July 31, 2006 and \$83,674 as of July 31, 2005. Reported reserved funds available to pay IBNR claims as of July 31, 2007 \$172,435, as of July 31, 2006 \$163,868, and as of July 31, 2005 are \$159,447.

The Park District uses reinsurance agreements (stop-loss agreements) to reduce its risk to the possibility of large losses on medical claims. These reinsurance agreements allow the Park District to recover a portion of the losses from reinsurers, although it does not discharge the primary liability of the Park District.

7. CONTINGENT LIABILITIES

The Park District is a defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Park District's financial condition.



Mary Taylor, CPA

Auditor of State

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

Mill Creek Metropolitan Park District
Mahoning County
P.O. Box 596
Canfield, Ohio 44406-0596

To the District Board of Trustees:

We have audited the financial statements of the Mill Creek Metropolitan Park District, Mahoning County, (the Park District) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated February 2, 2009, wherein we noted the Park District followed 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Park District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Park District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Park District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Park District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Park District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Park District's management in a separate letter dated February 2, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Park 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 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Management and the Board of Commissioners. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 2, 2009



Mary Taylor, CPA
Auditor of State

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING 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
FEBRUARY 17, 2009