



Mary Taylor, CPA
Auditor of State

MARTINS FERRY PARK DISTRICT
BELMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Martins Ferry Park District
Belmont County
510 Orchid Drive
Martins Ferry, Ohio 43935

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.

Mary Taylor

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Auditor of State

November 1, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Martins Ferry Park District
Belmont County
510 Orchid Drive
Martins Ferry, Ohio 43935

To the Board of Commissioners:

We have audited the accompanying financial statement of the Martins Ferry Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the 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 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 statement referred to above for the years ended December 31, 2009 and 2008 does 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Martins Ferry Park District, Belmont County, Ohio, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The 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 November 1, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Mary Taylor, CPA
Auditor of State

November 1, 2010

**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
Cash Receipts:		
Charges for Services	\$45,602	\$55,284
Intergovernmental	21,473	58,805
Miscellaneous	2,958	3,215
Total Cash Receipts	70,033	117,304
Cash Disbursements:		
Conservation/Recreation	80,894	98,242
Total Cash Disbursements	80,894	98,242
Total Cash Receipts Over/(Under) Cash Disbursements	(10,861)	19,062
Other Financing Receipts:		
Other Financing Sources	53	239
Total Other Financing Receipts	53	239
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(10,808)	19,301
Cash Balances, January 1	28,394	9,093
Cash Balances, December 31	\$17,586	\$28,394

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

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**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009 AND 2008**

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 Martins Ferry Park District, Belmont County (the District), as a body corporate and politic. The Probate Judge of Belmont County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The District is leasing a swimming pool, recreation center, park facilities, and ball fields from the City of Martins Ferry.

The District participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Budgetary Process

Under HB 262, Districts that do not levy property taxes must follow most of the ORC 5705 budget requirements, but need not seek approval of a county budget commission for any budgetary actions. The Ohio Revised Code requires the Board of Commissioners to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

D. Property, Plant, and Equipment

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

2. Equity in Cash

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2009	2008
Demand deposits	\$17,586	\$28,394

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

3. Budgetary Activity

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$71,692	\$70,086	(\$1,606)

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$109,700	\$80,894	\$28,806

2008 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$115,890	\$117,543	\$1,653

2008 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$0	\$98,242	(\$98,242)

**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

5. Risk Management

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

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

The 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Risk Management (Continued)

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2009, the District's share of these unpaid claims collectible in future years is approximately \$2,060.

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>	
2008	\$2,595
2009	\$2,191

After one year of membership, a member may withdraw on each anniversary of the date joining PEP, if the member notifies PEP in writing 60 prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.



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*

Martins Ferry Park District
Belmont County
510 Orchid Drive
Martins Ferry, Ohio 43935

To the Board of Commissioners:

We have audited the financial statements of the Martins Ferry Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 1, 2010 wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 1, 2010.

We intend this report solely for the information and use of management, the Board of Commissioners and others within the District.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 1, 2010

**MARTINS FERRY PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery for money collected, but not deposited.	Yes	Repaid under audit.
2007-002	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Reported in management letter.
2007-003	Ohio Rev. Code Section 5705.41(D) for not properly encumbering.	No	Reported in management letter.
2007-004	Material weakness for not properly reconciling significant variances between cash register tapes and amounts deposited.	Yes	Finding no longer valid.
2007-005	Material Weakness regarding documentation of items sold for concession stand	Yes	Finding no longer valid.
2007-006	Ohio Rev. Code Section 5705.38 for not approving or filing appropriations.	No	Reported in management letter.
2007-007	Significant deficiency for not properly documenting when pool admissions/collections should have been collected or when they should not have been due to the pool closing.	Yes	Finding no longer valid.

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Mary Taylor, CPA
Auditor of State

MARTINS FERRY PARK DISTRICT

BELMONT 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 30, 2010**