



**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Mill Creek Metropolitan Park District
Mahoning County
7574 Columbiana-Canfield Road
P.O. Box 596
Canfield, Ohio 44406-0596

To the Board of Commissioners:

We have audited the accompanying financial statements of the Mill Creek Metropolitan Park District (the District) as of and for the years ended December 31, 2001 and 2000. 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 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. 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 audit provides a reasonable basis for our opinion.

As discussed 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 generally accepted accounting principles.

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 District as of December 31, 2001 and 2000, 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 have also issued our report dated March 8, 2002 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 the audit committee, management, Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 8, 2002

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

| | <u>Governmental Fund Type</u> | | | Totals (Memorandum Only) |
|--|-------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$4,523,526 | | | \$4,523,526 |
| Intergovernmental | 1,194,800 | | | 1,194,800 |
| Park District Activities | 1,968,579 | | | 1,968,579 |
| Investment Income | 69,649 | \$24,350 | | 93,999 |
| Gas and Oil Royalties | | 249,876 | | 249,876 |
| Fellows Trust | 31,225 | | | 31,225 |
| | <u>7,787,779</u> | <u>274,226</u> | | <u>8,062,005</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Operations | 5,718,422 | | | 5,718,422 |
| Capital Equipment | 278,908 | | | 278,908 |
| Capital Improvements | 940,351 | | 157 | 940,508 |
| General Expenses | 1,578,020 | | | 1,578,020 |
| | <u>8,515,701</u> | | <u>157</u> | <u>8,515,858</u> |
| Total Receipts Over/(Under) Disbursements | <u>(727,922)</u> | <u>274,226</u> | <u>(157)</u> | <u>(453,853)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 516,887 | | 42,588 | 559,475 |
| Transfers-Out | | <u>(552,312)</u> | <u>(7,163)</u> | <u>(559,475)</u> |
| Total Other Financing Receipts/(Disbursements) | <u>516,887</u> | <u>(552,312)</u> | <u>35,425</u> | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (211,035) | (278,086) | 35,268 | (453,853) |
| Fund Cash Balances, January 1 | <u>1,567,398</u> | <u>613,910</u> | <u>7,164</u> | <u>2,188,472</u> |
| Fund Cash Balances, December 31 | <u>\$1,356,363</u> | <u>\$335,824</u> | <u>\$42,432</u> | <u>\$1,734,619</u> |
| Reserves for Encumbrances, December 31 | <u>\$143,880</u> | | <u>\$390</u> | <u>\$144,270</u> |

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

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Type</u> | | | Totals (Memorandum Only) |
|---|-------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$4,294,094 | | | \$4,294,094 |
| Intergovernmental | 1,183,767 | \$15,448 | | 1,199,215 |
| Park District Activities | 1,587,716 | | | 1,587,716 |
| Investment Income | 84,378 | 50,349 | | 134,727 |
| Gas and Oil Royalties | | 199,180 | | 199,180 |
| Park Foundation | | | \$50,000 | 50,000 |
| Fellows Trust | 31,574 | | | 31,574 |
| Total Cash Receipts | <u>7,181,529</u> | <u>264,977</u> | <u>50,000</u> | <u>7,496,506</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Operations | 5,294,297 | | | 5,294,297 |
| Capital Equipment | 219,758 | | | 219,758 |
| Capital Improvements | 999,347 | 15,658 | 99,943 | 1,114,948 |
| General Expenses | 1,210,352 | | | 1,210,352 |
| Total Cash Disbursements | <u>7,723,754</u> | <u>15,658</u> | <u>99,943</u> | <u>7,839,355</u> |
| Total Receipts Over/(Under) Disbursements | <u>(542,225)</u> | <u>249,319</u> | <u>(49,943)</u> | <u>(342,849)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 369,387 | | 50,000 | 419,387 |
| Transfers-Out | | (419,387) | | (419,387) |
| Total Other Financing Receipts/(Disbursements) | <u>369,387</u> | <u>(419,387)</u> | <u>50,000</u> | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(172,838)</u> | <u>(170,068)</u> | <u>57</u> | <u>(342,849)</u> |
| Fund Cash Balances, January 1 | 1,740,236 | 783,978 | 7,107 | 2,531,321 |
| Fund Cash Balances, December 31 | <u>\$1,567,398</u> | <u>\$613,910</u> | <u>\$7,164</u> | <u>\$2,188,472</u> |
| Reserves for Encumbrances, December 31 | <u>\$444,871</u> | | | <u>\$444,871</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mill Creek Metropolitan Park District, Mahoning County, (the District) is a body corporate and politic 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 three-member Board of Commissioners appointed by the probate judge of Mahoning County. The District acquires lands for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

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. The investment in repurchase agreements is valued at cost.

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:

1. 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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Special Revenue Funds

These funds are 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 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 Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Projects Fund:

Lake Newport Fund - This fund accounts for general operating property taxes transferred from the General Fund for the construction of a floating walkway within the wetlands of Lake Newport.

Stone Bridges Fund - This fund accounts for monies transferred from the Replacement Reserve Fund to restore the Park District Stone Bridge.

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 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 2001 and 2000 budgetary activity appears in Note 3.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2001 | 2000 |
|--------------------------------|-------------|-------------|
| Demand deposits | (\$98,757) | (\$121,735) |
| Repurchase agreements | 908,388 | 833,586 |
| STAR Ohio | 924,988 | 1,476,621 |
| Total investments | 1,833,376 | 2,310,207 |
| Total deposits and investments | \$1,734,619 | \$2,188,472 |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase agreements are uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the 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 ended December 31, 2001 and 2000 follows:

| 2001 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|-----------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$8,071,716 | \$8,304,666 | \$232,950 |
| Special Revenue | 150,000 | 274,226 | 124,226 |
| Capital Projects | 42,588 | 42,588 | 0 |
| Total | \$8,264,304 | \$8,621,480 | \$357,176 |

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$9,506,612 | \$8,659,581 | \$847,031 |
| Special Revenue | 750,311 | 552,312 | 197,999 |
| Capital Projects | 49,751 | 7,710 | 42,041 |
| Total | \$10,306,674 | \$9,219,603 | \$1,087,071 |

| 2000 - Budgeted vs. Actual Receipts | | | |
|-------------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$7,594,413 | \$7,550,916 | (\$43,497) |
| Special Revenue | 213,350 | 264,977 | 51,627 |
| Capital Projects | 131,984 | 100,000 | (31,984) |
| Total | \$7,939,747 | \$7,915,893 | (\$23,854) |

| 2000 - Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$9,191,601 | \$8,168,625 | \$1,022,976 |
| Special Revenue | 993,493 | 435,045 | 558,448 |
| Capital Projects | 135,856 | 99,943 | 35,913 |
| Total | \$10,320,950 | \$8,703,613 | \$1,617,337 |

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 Park Commissioners. 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 accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 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 District.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Risk Pool Membership

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 insurance 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 Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

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(the latest information available is as follows):

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

| <u>Casualty Coverage</u> | <u>2000</u> | <u>1999</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$17,112,129 | \$15,295,389 |
| Liabilities | <u>7,715,035</u> | <u>6,636,543</u> |
| Retained earnings | <u>\$9,397,094</u> | <u>\$8,658,846</u> |
| | | |
| <u>Property Coverage</u> | <u>2000</u> | <u>1999</u> |
| Assets | \$1,575,614 | \$1,118,222 |
| Liabilities | <u>281,561</u> | <u>279,871</u> |
| Retained earnings | <u>\$1,294,053</u> | <u>\$838,351</u> |

Self Insurance

The District is also self insured for medical, dental, and prescription drugs. Interfund rates are charged based on claims approved by the claims administrator. The 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 that the District maintain reserves of \$65,532, as of July 31, 2001 and \$39,460 as of July 31, 2000. Reported reserved funds available to pay IBNR as of July 31, 2001 are \$356,165 and as of July 31, 2000 are \$399,690.

The 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 District to recover a portion of the losses from reinsurers, although it does not discharge the primary liability of the District.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mill Creek Metropolitan Park District
Mahoning County
7574 Columbiana-Canfield Road
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 (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 8, 2002. 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.

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 audit 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*.

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 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and the Board of Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 8, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 2, 2002**