

***CANTON JOINT RECREATION DISTRICT
STARK COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Canton Joint Recreation District, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 19, 2010

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**CANTON JOINT RECREATION DISTRICT
STARK COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 & 2008**

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REPORT OF INDEPENDENT ACCOUNTANTS

Canton Joint Recreation District
Stark County
1101 Market Avenue North
Canton, Ohio 44702

To the Members of the Board:

We have audited the accompanying financial statements of the Canton Joint Recreation District, Stark County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. 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 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 & 2008. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, 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, 2009 and 2008, 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, 2009 and 2008, 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 the Canton Joint Recreation District, Stark County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. 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 March 31, 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, grant 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.

Charles E. Harris & Associates, Inc.

March 31, 2010

**CANTON JOINT RECREATIONAL DISTRICT
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2009**

	General
Receipts:	
Property and Local Taxes	\$ 985,944
Intergovernmental Revenue	129,300
Charges for Services	29,160
Concessions	15,000
Fees	168,308
Interest	2,782
Miscellaneous	775
	1,331,269
Total Receipts	1,331,269
Disbursements:	
Current	
Salaries - Employees	686,531
Supplies	71,187
Contract - Services	144,829
Fixed Charges	46,967
School Employee Retirement System	88,279
Other	35
Capital Outlay	113,016
	1,150,844
Total Disbursements	1,150,844
Total Receipts Over/(Under)	
Disbursements	180,425
Fund Cash Balance, January 1, 2009	637,373
Fund Cash Balance, December 31, 2009	\$ 817,798

See Accompanying Notes to the Financial Statements.

**CANTON JOINT RECREATIONAL DISTRICT
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2008**

	General
Receipts:	
Property and Local Taxes	\$ 993,245
Intergovernmental Revenue	127,652
Charges for Services	28,570
Fees	139,021
Interest	11,691
Miscellaneous	728
	1,300,907
Total Receipts	1,300,907
Disbursements:	
Current	
Salaries - Employees	666,617
Supplies	53,538
Contract - Services	135,444
Fixed Charges	43,635
School Employee Retirement System	84,229
Other	543
Capital Outlay	112,599
	1,096,605
Total Disbursements	1,096,605
Total Receipts Over/(Under)	
Disbursements	204,302
Fund Cash Balance, January 1, 2008	433,071
Fund Cash Balance, December 31, 2008	\$ 637,373
Encumbrances, December 31, 2008	\$ 35,322

See Accompanying Notes to the Financial Statements.

CANTON JOINT RECREATION DISTRICT
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The 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 type:

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, 2009 AND 2008

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 object 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 2009 and 2008 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, 2009 AND 2008

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:

	2009	2008
Demand deposit	\$ 807,761	\$ 319,434
STAR OHIO	10,037	317,939
Total deposits	<u>\$ 817,798</u>	<u>\$ 637,373</u>

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, 2009 and 2008 is as follows:

2009 Budgeted vs Actual Budgetary Basis Disbursements			
Funds	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,267,213	\$ 1,150,594	\$ 116,619

2009 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,353,496	\$ 1,331,269	\$ (22,227)

2008 Budgeted vs Actual Budgetary Basis Disbursements			
Funds	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,279,535	\$ 1,131,927	\$ 147,608

2008 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,280,000	\$ 1,300,907	\$ 20,907

CANTON JOINT RECREATION DISTRICT
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 4: PROPERTY TAXES

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.

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 each April 30. Personal property taxes are being phased out through 2009.

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

NOTE 5: RETIREMENT SYSTEM

The District's full-time employees belong to the School 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 2009 and 2008, 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, 2009.

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.

Settled claims have not exceeded this commercial coverage in any of the last three years. The District has not reduced coverages from last year.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Canton Joint Recreation District
Stark County
1101 Market Avenue North
Canton, Ohio 44702

To the Members of the Board:

We have audited the financial statements of the Canton Joint Recreation District, Stark County Ohio (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 31, 2010, wherein we noted the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions 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 internal 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 grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted matters that we have reported to management of the District in a separate letter dated March 31, 2010.

We intend this report solely for the information and use of management, audit committee, District Board Members, and others within the District. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

March 31, 2010

**CANTON JOINT RECREATIONAL DISTRICT
STARK COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of December 31, 2007 and 2006 reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**