



Dave Yost • Auditor of State

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2011 | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010 | 6 |
| Notes to the Financial Statements | 7 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 15 |

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

Boardman Township Park District
Mahoning County
375 Boardman – Poland Road
Boardman, Ohio 44512

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 11, 2012

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Boardman Township Park District
Mahoning County
375 Boardman-Poland Road
Boardman, Ohio 44512

To the Board of Commissioners:

We have audited the accompanying financial statements of Boardman Township Park District, Mahoning County, (the "District") as of and for the years ended December 31, 2011 and 2010. 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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, 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 statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Boardman Township Park District, Mahoning County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Boardman Township Park District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

May 11, 2012

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>All Fund Types</u> | | | <u>Totals (Memorandum Only)</u> |
|--|-----------------------|-----------------------------|--|---|
| | <u>General</u> | <u>Capital Projects</u> | <u>Private Purpose Trust Funds</u> | |
| Cash Receipts: | | | | |
| General Property Tax - Real Estate | \$790,014 | | | \$790,014 |
| Personal Property Tax | 105 | | | 105 |
| Local Government Revenue Assistance | 70,414 | | | 70,414 |
| Intergovernmental | 180,396 | | | 180,396 |
| Commissions and Donations | 3,372 | \$75,000 | | 78,372 |
| Program Sponsorships | 12,300 | | | 12,300 |
| Charges for Services | 266,124 | | | 266,124 |
| Earnings on Investments | 273 | | \$2,483 | 2,756 |
| Miscellaneous | 15,850 | | | 15,850 |
| Total Cash Receipts | 1,338,848 | 75,000 | 2,483 | 1,416,331 |
| Cash Disbursements: | | | | |
| Current Disbursements: | | | | |
| Conservation/Recreation: | | | | |
| Salaries | \$463,055 | | | 463,055 |
| Fringe Benefits | 199,224 | | | 199,224 |
| Materials and Supplies | 50,004 | | | 50,004 |
| Capital Improvements and Equipment | 50,173 | | | 50,173 |
| Contracts - Engineering | | 1,615 | | 1,615 |
| Contracts - Repair | 76,432 | | | 76,432 |
| Contracts - Services | 179,173 | 4,057 | 2,740 | 185,970 |
| Other | 14,629 | 11 | | 14,640 |
| Debt Service: | | | | |
| Redemption of Principal | | 473,300 | | 473,300 |
| Interest and Other Fiscal Charges | | 21,861 | | 21,861 |
| Total Cash Disbursements | 1,032,690 | 500,844 | 2,740 | 1,536,274 |
| Total Receipts Over/(Under) Disbursements | 306,158 | (425,844) | (257) | (119,943) |
| Other Financing Receipts / (Disbursements): | | | | |
| Transfers In | | 116,391 | | 116,391 |
| Transfers Out | (116,391) | | | (116,391) |
| Total Other Financing Receipts / (Disbursements) | (116,391) | 116,391 | 0 | 0 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 189,767 | (309,453) | (257) | (119,943) |
| Fund Cash Balances, January 1 | 409,425 | 310,893 | 166,277 | 886,595 |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 80,000 | | 166,020 | 246,020 |
| Committed | 32,027 | | | 32,027 |
| Assigned | | 1,440 | | 1,440 |
| Unassigned (Deficit) | 487,165 | | | 487,165 |
| Fund Cash Balances, December 31 | \$599,192 | \$1,440 | \$166,020 | \$766,652 |

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

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>All Fund Types</u> | | | Totals (Memorandum Only) |
|--|-----------------------|-----------------------------|--|---|
| | <u>General</u> | <u>Capital Projects</u> | <u>Private Purpose Trust Funds</u> | |
| Cash Receipts: | | | | |
| General Property Tax - Real Estate | \$499,158 | | | \$499,158 |
| Personal Property Tax | 1,745 | | | 1,745 |
| Local Government Revenue Assistance | 70,669 | | | 70,669 |
| Intergovernmental | 310,014 | | | 310,014 |
| Commissions and Donations | 321 | \$84,100 | | 84,421 |
| Program Sponsorships | 12,300 | | | 12,300 |
| Charges for Services | 260,589 | | | 260,589 |
| Earnings on Investments | 511 | 55 | \$2,425 | 2,991 |
| Miscellaneous | 12,011 | 60 | | 12,071 |
| Total Cash Receipts | <u>1,167,318</u> | <u>84,215</u> | <u>2,425</u> | <u>1,253,958</u> |
| Cash Disbursements: | | | | |
| Current Disbursements: | | | | |
| Conservation/Recreation: | | | | |
| Salaries | \$447,743 | | | 447,743 |
| Fringe Benefits | 184,683 | | | 184,683 |
| Materials and Supplies | 32,784 | | | 32,784 |
| Capital Improvements and Equipment | 20,901 | 355,079 | | 375,980 |
| Contracts - Engineering | | 37,379 | | 37,379 |
| Contracts - Repair | 68,146 | | | 68,146 |
| Contracts - Services | 177,435 | 4,429 | 2,688 | 184,552 |
| Other | 17,849 | 7,976 | 310 | 26,135 |
| Debt Service: | | | | |
| Redemption of Principal | | | | |
| Interest and Other Fiscal Charges | | 33,231 | | 33,231 |
| Total Cash Disbursements | <u>949,541</u> | <u>438,094</u> | <u>2,998</u> | <u>1,390,633</u> |
| Total Receipts Over/(Under) Disbursements | <u>217,777</u> | <u>(353,879)</u> | <u>(573)</u> | <u>(136,675)</u> |
| Other Financing Receipts / (Disbursements): | | | | |
| Realized Gain (Loss) | | (12,297) | (16,961) | (29,258) |
| Transfers In | | 390,621 | | 390,621 |
| Transfers Out | (390,621) | | | (390,621) |
| Total Other Financing Receipts / (Disbursements) | <u>(390,621)</u> | <u>378,324</u> | <u>(16,961)</u> | <u>(29,258)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (172,844) | 24,445 | (17,534) | (165,933) |
| Fund Cash Balances, January 1 (restated) | 582,269 | 286,448 | 183,811 | 1,052,528 |
| Fund Cash Balances, December 31 | | | | |
| Restricted | | | 166,277 | 166,277 |
| Committed | 12,447 | | | 12,447 |
| Assigned | | 310,893 | | 310,893 |
| Unassigned (Deficit) | 396,978 | | | 396,978 |
| Fund Cash Balances, December 31 | <u>\$409,425</u> | <u>\$310,893</u> | <u>\$166,277</u> | <u>\$886,595</u> |

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

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Boardman Township Park District, Mahoning County, (the "District") as a body corporate and politic. The Boardman Township Trustees of Mahoning 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 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 District's management believes these financial statements present all activities for which the 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 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.

C. Deposit and Investments

The 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 District values certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

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

2. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds).

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The District had the following significant capital project funds:

North Trail Fund – In 2010, the District created this fund to account for the receipt and disbursement of funds related to the construction of the North Trail, an approximately one mile long paved pedestrian walkway.

Capital Projects Fund – This fund accounts for the receipt of grants and donations as well as the expenditure of funds relating to the acquisition or construction of major capital projects within the Park District.

3. Private-Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the District's own programs.

The District's private purpose trust fund is for the renovation and restoration of St. James Meeting Place, a historical church located on District property.

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 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 District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. 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.

H 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

| | 2011 | 2010 |
|--|-----------|-----------|
| Demand deposits | \$391,077 | \$203,247 |
| Huntington Savings | 209,585 | 209,485 |
| Total deposits | 600,662 | 412,732 |
| Fenton Meredith Bequest (at cost, fair value was \$168,297 and \$167,062 at December 31, 2011 and 2010, respectively.) | 165,990 | 166,247 |
| Capital Campaign (at cost, fair value was \$307,605 at December 31, 2010.) | | 307,616 |
| Total investments | 165,990 | 473,863 |
| Total deposits and investments | \$766,652 | \$886,595 |

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

Investments: The District utilizes The Community Foundation of the Mahoning Valley (CFMV) to maintain and invest monies received for the Fenton Meredith Bequest and the Capital Campaign. CFMV maintains records identifying the District as owner of all investments

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2011 and 2010 follows:

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,337,777 | \$1,338,848 | \$1,071 |
| Capital Projects | 117,000 | 191,391 | 74,391 |
| Private Purpose Trust | 1,000 | 2,483 | 1,483 |
| Total | \$1,455,777 | \$1,532,722 | \$76,945 |

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,747,202 | \$1,181,108 | \$566,094 |
| Capital Projects | 502,284 | 500,844 | 1,440 |
| Private Purpose Trust | 167,307 | 2,740 | 164,567 |
| Total | <u>\$2,416,793</u> | <u>\$1,684,692</u> | <u>\$732,101</u> |

| 2010 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$773,914 | \$1,167,318 | \$393,404 |
| Capital Projects | 488,524 | 474,836 | (13,688) |
| Private Purpose Trust | 0 | 2,425 | 2,425 |
| Total | <u>\$1,262,438</u> | <u>\$1,644,579</u> | <u>\$382,141</u> |

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,355,184 | \$1,352,609 | \$2,575 |
| Capital Projects | 762,169 | 438,094 | 324,075 |
| Private Purpose Trust | 166,696 | 2,998 | 163,698 |
| Total | <u>\$2,284,049</u> | <u>\$1,793,701</u> | <u>\$490,348</u> |

4. PROPERTY TAX

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

5. DEBT

Debt outstanding at December 31, 2011 was as follows:

| | | |
|-------------------------------|-------------------------------|-------------------------------|
| Huntington Bank Revenue Notes | <u>Principal</u> \$645,000 | <u>Interest Rate</u> 3.85% |
|-------------------------------|-------------------------------|-------------------------------|

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. DEBT – (Continued)

The District issued \$800,000 of Township Park Facilities Revenue Notes in 2011 that bear an interest rate of 3.85% in anticipation of the receipt of revenues of the District for the purpose of refunding notes previously issued to finance improvements to the Park and recreational facilities. The District is required to make semiannual principal payments of \$80,000 in September and March until the maturity date of March 30, 2016. The District made principal and interest payments on these notes in the amount of \$155,000 and \$17,587 respectively during 2011.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | Principal | Interest | Total |
|--------------------------|------------------|-----------------|------------------|
| 2012 | \$160,000 | \$23,293 | \$183,293 |
| 2013 | 160,000 | 17,133 | \$177,133 |
| 2014 | 160,000 | 10,972 | \$170,972 |
| 2015 | 160,000 | 4,812 | \$164,812 |
| 2016 | 5,000 | 96 | \$5,096 |
| Total | <u>\$645,000</u> | <u>\$56,306</u> | <u>\$701,306</u> |

6. RETIREMENT SYSTEMS

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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

7. 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.

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. RISK MANAGEMENT – (Continued)

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, 2010, 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, 2010 and 2009 (the latest information available):

| | <u>2010</u> | <u>2009</u> |
|-------------|---------------------|---------------------|
| Assets | \$34,952,010 | \$36,374,898 |
| Liabilities | <u>(14,320,812)</u> | <u>(15,256,862)</u> |
| Net Assets | <u>\$20,631,198</u> | <u>\$21,118,036</u> |

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$17,000.

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> | |
|-----------------------------|-------------|
| <u>2011</u> | <u>2010</u> |
| \$19,786 | \$18,099 |

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days 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.

**BOARDMAN TOWNSHIP PARK DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. PRIOR PERIOD ADJUSTMENT

The year ended December 31, 2009 audited fund balances did not agree to the beginning January 1, 2010 system fund balances due to the following adjustment which was made by the District during 2010 on the District's records to void several long outstanding checks.

| <u>Fund Type</u> | <u>12/31/09 Fund Cash Balances</u> | <u>Adjustments</u> | <u>01/01/10 Fund Cash Balances</u> |
|-------------------------|---|---------------------------|---|
| General Fund | \$581,269 | \$1,000 | \$582,269 |



Dave Yost • Auditor of State

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

Boardman Township Park District
Mahoning County
375 Boardman – Poland Road
Boardman, Ohio 44512

To the Board of Commissioners:

We have audited the financial statements of the Boardman Township Park District, Mahoning County, (the "District") as of and for the year ended December 31, 2011 and 2010, and have issued our report thereon dated May 11, 2012, 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 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 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 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 management, the audit committee, the Board of Commissioners, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

May 11, 2012



Dave Yost • Auditor of State

BOARDMAN TOWNSHIP 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
JUNE 12, 2012**