



Dave Yost • Auditor of State

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY

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Dave Yost • Auditor of State

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

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

May 18, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of Mill Creek Metropolitan Park District, Mahoning County, (the "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 Mill Creek Metropolitan 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 Mill Creek Metropolitan 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 18, 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 "D" and "Y".

Dave Yost
Auditor of State

May 18, 2012

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$6,759,907			\$6,759,907
Charges for Services	1,510,532			1,510,532
Fines, Licenses and Permits	2,123			2,123
Intergovernmental	618,169	\$4,909	\$26,909	649,987
Earnings on Investments	6,542	4,292		10,834
Gas Royalties		161,490		161,490
Employee Health Insurance Reimbursements	202,123			202,123
Miscellaneous	275,639	14,060		289,699
<i>Total Cash Receipts</i>	<u>9,375,035</u>	<u>184,751</u>	<u>26,909</u>	<u>9,586,695</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Operations - Salaries & Wages	6,672,366			6,672,366
Operations - Materials & Supplies	1,832,438	25,000	21,869	1,879,307
Capital Equipment	229,968			229,968
Capital Improvements	572,415	113,901		686,316
General Expense	266,775	6,422	32,954	306,151
<i>Total Cash Disbursements</i>	<u>9,573,962</u>	<u>145,323</u>	<u>54,823</u>	<u>9,774,108</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(198,927)</u>	<u>39,428</u>	<u>(27,914)</u>	<u>(187,413)</u>
Other Financing Receipts (Disbursements)				
Transfers In			64,103	64,103
Transfers Out		(64,103)		(64,103)
Advances In		15,741	323,469	339,210
Advances Out		(325,237)	(13,973)	(339,210)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>(373,599)</u>	<u>373,599</u>	
<i>Net Change in Fund Cash Balances</i>	(198,927)	(334,171)	345,685	(187,413)
<i>Fund Cash Balances, January 1</i>	<u>2,458,272</u>	<u>2,594,887</u>		<u>5,053,159</u>
Fund Cash Balances, December 31				
Restricted		1,876,448	27	1,876,475
Committed	193,211	384,268	345,658	923,137
Unassigned (Deficit)	2,066,134			2,066,134
<i>Fund Cash Balances, December 31</i>	<u>\$2,259,345</u>	<u>\$2,260,716</u>	<u>\$345,685</u>	<u>\$4,865,746</u>

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

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$6,942,952			\$6,942,952
Charges for Services	1,576,681			1,576,681
Fines, Licenses and Permits	2,587			2,587
Intergovernmental	627,277	\$132,180	\$171,639	931,096
Earnings on Investments	16,651	8,790		25,441
Gas Royalties		270,176		270,176
Employee Health Insurance Reimbursements	255,929			255,929
Miscellaneous	270,555			270,555
<i>Total Cash Receipts</i>	<u>9,692,632</u>	<u>411,146</u>	<u>171,639</u>	<u>10,275,417</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Operations - Salaries & Wages	7,078,524			7,078,524
Operations - Materials & Supplies	1,695,180			1,695,180
Capital Equipment	234,985			234,985
Capital Improvements	631,266	338,597	25,755	995,618
General Expense	256,820	1,813		258,633
<i>Total Cash Disbursements</i>	<u>9,896,775</u>	<u>340,410</u>	<u>25,755</u>	<u>10,262,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(204,143)</u>	<u>70,736</u>	<u>145,884</u>	<u>12,477</u>
Other Financing Receipts (Disbursements)				
Transfers In		55,589		55,589
Transfers Out		(34,587)	(21,002)	(55,589)
Advances In		191,405	13,974	205,379
Advances Out		(52,974)	(152,405)	(205,379)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>159,433</u>	<u>(159,433)</u>	
<i>Net Change in Fund Cash Balances</i>	(204,143)	230,169	(13,549)	12,477
<i>Fund Cash Balances, January 1</i>	<u>2,662,415</u>	<u>2,364,718</u>	<u>13,549</u>	<u>5,040,682</u>
Fund Cash Balances, December 31				
Restricted		2,594,887		2,594,887
Committed	465,350			465,350
Unassigned (Deficit)	1,992,922			1,992,922
<i>Fund Cash Balances, December 31</i>	<u>\$2,458,272</u>	<u>\$2,594,887</u>	<u>\$0</u>	<u>\$5,053,159</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, 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 Mill Creek Metropolitan Park District, Mahoning County, (the "District") as a body corporate and politic. The probate judge of Mahoning County appoints a five-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 Mill Creek Foundation is also associated with the District. The Foundation was created in March of 1979 and is operated exclusively for charitable and educational purposes, to wit, for the purpose of making capital improvements within the District. The Foundation is a tax exempt trust as determined by 501(c)(3) of the Internal Revenue Code. The Foundation operates under a three person Board consisting of the Park Board's President, a person selected by the Mahoning County Probate Judge and the third member appointed by these two members.

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

The Fellows Trust is also associated with the District. The Trust was created through the last will and testament of Elizabeth A. Fellows in April of 1942, as a perpetual endowment for the upkeep of land donated to the Park from the Fellow's estate, now known as the Fellows Riverside Garden. The monies were bequeathed to Union National Bank in 1942, as the Trustee, currently held by JP Morgan Chase Bank, and invested by said Trustee, of which only interest income is to be paid each year from this account to the District for the creation, care and maintenance of the Fellows Riverside Garden. The current values of the trust account with JP Morgan Chase Bank are \$492,462 as of December 31, 2010 and \$492,505 as of December 31, 2011.

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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 the investment in STAR Ohio at share values reported by the State Treasurer. The investments in purchase agreements are 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Clean Ohio – Sebring Woods Fund – This fund is used for the purchase of property located at Sebring Woods and is funded by the Ohio Public Works Commission.

3. Capital Project Funds

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

Wetland Restoration Fund – This fund accounts for state monies received to maintain land used as a conservation area.

East Cohasset Drive – This fund accounts for state and federal monies received to repair a retaining wall, and repave the drive.

Slippery Rock Bridge – This fund accounts for federal monies received to repair Slippery Rock Bridge, located within the District.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The 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 reappropriated.

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

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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$442,107	(\$122,827)
Money Market & Sweep Accounts	\$1,220,251	\$1,977,266
Total deposits	<u>1,662,358</u>	<u>1,854,439</u>
U.S. Treasury Notes		
STAR Ohio	2,265,061	2,263,627
Repurchase agreement	938,327	935,093
Total investments	<u>3,203,388</u>	<u>3,198,720</u>
Total deposits and investments	<u>\$4,865,746</u>	<u>\$5,053,159</u>

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (Continued)

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's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are 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 ending December 31, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,368,583	\$9,375,035	\$6,452
Special Revenue	171,872	184,751	12,879
Capital Projects	68,364	91,012	22,648
Total	<u>\$9,608,819</u>	<u>\$9,650,798</u>	<u>\$41,979</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,826,854	\$9,767,173	\$2,059,681
Special Revenue	2,766,758	593,694	2,173,064
Capital Projects	65,132	54,823	10,309
Total	<u>\$14,658,744</u>	<u>\$10,415,690</u>	<u>\$4,243,054</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,227,275	\$9,692,632	\$465,357
Special Revenue	636,079	466,735	(169,344)
Capital Projects	171,722	171,639	(83)
Total	<u>\$10,035,076</u>	<u>\$10,331,006</u>	<u>\$295,930</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,248,995	\$10,178,789	\$1,070,206
Special Revenue	408,796	374,997	33,799
Capital Projects	185,188	46,757	138,431
Total	<u>\$11,842,979</u>	<u>\$10,600,543</u>	<u>\$1,242,436</u>

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

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. 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, full time police officers contributed 11.61% and 11.1% respectively and the District contributed an amount equaling 18.10% and 17.87%, respectively, of participants' gross salaries. For 2011 and 2010 OPERS members contributed 10% of their gross salaries and the Park District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

6. 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 provided 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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

6. RISK MANAGEMENT – (Continued)

Casualty and Property Coverage

APEEP provided PEP with an excess risk-sharing program. Under this agreement, 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	(14,320,812)	(15,256,862)
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 Government's share of these unpaid claims collectible in future years is approximately \$133,000

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>
\$155,483	\$138,144

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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

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

6. RISK MANAGEMENT – (Continued)

Self Insurance

The District changed from self insured for medical, dental, and prescription drugs into fully insured during 2011. Self-insured rates are charged based on claims approved by Professional Risk Management Inc. (PRM), the self-insured claims administrator. The District obtains an actuarial report 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 recommended the District maintain a reserve amount of \$158,022, \$172,601, and \$83,978 as of July 31, 2009 through 2007 respectively and run-out allowance of \$183,337 for 2010. The District's reserve funds available to pay IBNR claims were \$181,195, \$178,814, and \$172,435 as of July 31, 2009 through 2007 respectively and \$183,337 as of February 2010.

The District used reinsurance agreements (stop-loss agreements of \$60,000) 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.



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

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

To the Board of Commissioners:

We have audited the financial statements of the Mill Creek Metropolitan Park District, Mahoning County, (the "District") as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 18, 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.



Dave Yost
Auditor of State

May 18, 2012



Dave Yost • Auditor of State

MILL CREEK METROPOLITAN PARK DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 21, 2012**