



Dave Yost • Auditor of State

STARK COUNTY PARK DISTRICT
STARK COUNTY

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Dave Yost • Auditor of State

Stark County Park District
Stark County
5300 Tyner Street NW
Canton, Ohio 44708

To the Board of Park 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 25, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Stark County Park District
Stark County
5300 Tyner Street NW
Canton, Ohio 44708

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Stark County Park District, Stark County, Ohio, (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 and the reserves for encumbrances as of December 31, 2010 of the Stark County Park District, Stark 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 the Stark County 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 25, 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.



Dave Yost
Auditor of State

May 25, 2012

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Taxes	\$3,063,150			\$3,063,150
Charges for Services	194,607			194,607
Fines and Forfeitures	315			315
Intergovernmental	1,148,001		\$79,650	1,227,651
Earnings on Investments	368		27	395
Miscellaneous	33,976			33,976
<i>Total Cash Receipts</i>	<u>4,440,417</u>	<u>0</u>	<u>79,677</u>	<u>4,520,094</u>
Cash Disbursements				
Current:				
Personal Services - Salaries and Wages	2,125,638			2,125,638
Personal Services - Employee Benefits	867,733			867,733
Supplies and Materials	594,369			594,369
Purchased Services	445,727		6,825	452,552
Other	51,912			51,912
Capital Outlay	539,650		89,659	629,309
Debt Service:				
Principal Retirement			2,100,000	2,100,000
Interest and Fiscal Charges			42,077	42,077
<i>Total Cash Disbursements</i>	<u>4,625,029</u>	<u>0</u>	<u>2,238,561</u>	<u>6,863,590</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(184,612)</u>	<u>0</u>	<u>(2,158,884)</u>	<u>(2,343,496)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	1,500			1,500
Proceeds of Debt			2,100,000	2,100,000
Transfers In			48,100	48,100
Transfers Out	(44,555)	(3,545)		(48,100)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(43,055)</u>	<u>(3,545)</u>	<u>2,148,100</u>	<u>2,101,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>(227,667)</u>	<u>(3,545)</u>	<u>(10,784)</u>	<u>(241,996)</u>
<i>Fund Cash Balances, January 1</i>	<u>432,083</u>	<u>3,545</u>	<u>53,677</u>	<u>489,305</u>
Fund Cash Balances, December 31				
Restricted	0	0	42,893	42,893
Unassigned (Deficit)	204,416	0	0	204,416
<i>Fund Cash Balances, December 31</i>	<u>\$204,416</u>	<u>\$0</u>	<u>\$42,893</u>	<u>\$247,309</u>

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

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$3,073,732			\$3,073,732
Charges for Services	208,929			208,929
Fines and Forfeitures	89			89
Intergovernmental	1,355,781	\$13,884	\$2,643,408	4,013,073
Earnings on Investments	831		34	865
Other Receipts	21,540		25,647	47,187
Rent	5,335			5,335
	4,666,237	13,884	2,669,089	7,349,210
Total Cash Receipts				
Cash Disbursements:				
Current Disbursements:				
Personal Services - Salaries and Wages	2,091,904			2,091,904
Personal Services - Employee Benefits	891,052			891,052
Supplies and Materials	551,709		26,667	578,376
Purchased Services	435,068		16,332	451,400
Other	83,961	9,147	14,600	107,708
Capital Outlay	555,691	3,774	2,646,882	3,206,347
Debt Service:				
Redemption of Principal			2,400,000	2,400,000
Interest and Other Fiscal Charges			41,811	41,811
	4,609,385	12,921	5,146,292	9,768,598
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	56,852	963	(2,477,203)	(2,419,388)
Other Financing Receipts / (Disbursements):				
Sale of Notes			2,200,000	2,200,000
Transfers-In			299,655	299,655
Transfers-Out	(299,655)			(299,655)
	(299,655)	0	2,499,655	2,200,000
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(242,803)	963	22,452	(219,388)
Fund Cash Balances, January 1	674,886	2,582	31,225	708,693
Fund Cash Balances, December 31	\$432,083	\$3,545	\$53,677	\$489,305
Reserve for Encumbrances, December 31	\$415,800	\$0	\$6,359	\$422,159

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

**STARK COUNTY PARK DISTRICT
STARK 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 Stark County Park District, Stark County, (the District) as a body corporate and politic. The probate judge of Stark 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 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

As the Ohio Revised Code permits, the Stark County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

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.

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts 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:

Federal Hazard Mitigation Grant Program – This fund is used for acquisition of properties in the flood plain that have repeatedly flooded, demolished and associated structures, and return the properties to their natural habitat.

3. Capital Project Fund

This fund accounts 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 fund:

Permanent Improvement Fund – This fund received state and federal grants, donations, and note proceeds. The District used the proceeds for the construction of the Exploration Gateway (the Gateway), and to pay the note issuances related to the Gateway. This fund also accounted for the activity of the Fry Farm Acquisition, the Deer Creek Bridge project; the Erie Canal Towpath and Sandy and Beaver Creek Townpath Trail projects.

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, function or object 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.

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

A summary of 2011 and 2010 budgetary activity appears in Note 2.

F. Fund Balance

For December 31, 2011, 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.

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (continued)

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. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,990,174	\$4,441,917	(\$548,257)
Special Revenue	0	0	0
Capital Projects	2,575,000	2,227,777	(347,223)
Total	\$7,565,174	\$6,669,694	(\$895,480)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,422,257	\$5,096,761	\$325,496
Special Revenue	3,545	3,545	0
Capital Projects	2,228,971	2,239,901	(10,930)
Total	\$7,654,773	\$7,340,207	\$314,566

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

2. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,018,660	\$4,666,237	(\$352,423)
Special Revenue	20,652	13,884	(6,768)
Capital Projects	2,575,000	5,168,744	2,593,744
Total	\$7,614,312	\$9,848,865	\$2,234,553

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,693,544	\$5,324,840	\$368,704
Special Revenue	23,234	12,921	10,313
Capital Projects	2,554,042	5,152,651	(2,598,609)
Total	\$8,270,820	\$10,490,412	(\$2,219,592)

Contrary to Ohio law, the District did not budget or initially record Ohio Public Works Commission and Ohio Department of Transportation on-behalf payments in either 2011 or 2010.

3. 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.

4. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Park District Improvement Note	\$2,100,000	1.75%
Total	\$2,100,000	

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

4. Debt (Continued)

The District issued a Park Improvement Note on April 27, 2011 in the amount of \$2,100,000 at an interest rate of 1.75% for a term of one year for the purpose of retiring \$2,200,000 note issued in April of 2010. The remaining \$100,000 to retire the note was paid by the District with unallocated funds.

The interest and principal payment is due in total in one year to JPMorgan Chase Bank. The District's taxing authority collateralized the note.

The above note including interest of approximately \$36,750 is scheduled for payment in 2012.

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, OPERS members, except those in public safety, contributed 10% of their gross salaries each year. Members in public safety contributed 11% and 10.5% of their gross salaries respectively. The District contributed an amount equaling 14% of participants' gross salaries each year, except for those in public safety. For members in public safety, the District contributed 18.10% and 17.87% respectively, 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 provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

6. Risk Management (Continued)

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 \$45,000.

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.

Contributions to PEP

<u>2011</u>	<u>2010</u>
44,535	39,925

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.

The District also provides health insurance, prescription coverage and dental and vision coverage to full time employees through the Stark County Commissioners health plan.

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

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

7. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. Subsequent Event

On April 26, 2012, the District issued a \$2,050,000 Park District Improvement Note to retire the 2011 Park District Improvement Note. The Note matures on April 26, 2013 and has an interest rate of 1.49 percent.



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

Stark County Park District
Stark County
5300 Tyner Street NW
Canton, Ohio 44708

To the Board of Park Commissioners:

We have audited the financial statements of the Stark County Park District, Stark County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 25, 2012, 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 also noted the District adopted Governmental Accounting Standards Board Statement No. 54. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 25, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

May 25, 2012

**STARK COUNTY PARK DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Noncompliance Citation/Material Weakness

Ohio Rev. Code 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

In 2011, the Park District (District) received \$42,533 of Ohio Public Works Commission (OPWC) monies and \$37,117 of Ohio Department of Transportation (ODOT) monies for the Sandy and Beaver Canal Towpath Trail Project and the Ohio and Erie Canal Towpath Project, respectively. Under the terms of both the OPWC and ODOT agreements, the granting entity made some project payments directly to the vendor/contractor(s) on the District's behalf. The District did not recognize the \$42,533 or the \$37,117 as receipts and disbursements in its capital project fund, thus understating the receipts and disbursements within the fund. An adjustment was made to the financial statements to recognize these receipts and disbursements.

In 2010, the District received \$1,673,938 of OPWC moneys for the Fry Farm Acquisition. The District also received \$969,470 of ODOT monies for the Deer Creek Bridge and Ohio and Erie Canal Towpath projects. Under the terms of these agreements, OPWC and ODOT made some project payments directly to the vendor/contractor(s) on the District's behalf. The District did not recognize the \$1,673,938 or the \$969,470 as receipts and disbursements in its capital project fund, thus understating the receipts and disbursements within the fund. An adjustment was made to the financial statements to recognize these receipts and disbursements.

Any payments made on behalf of the District by another party should be recorded by the District as a receipt and disbursement in the same year the activity occurred. Failure to do so results in an understatement of receipts and disbursements. The District should refer to Auditor of State Bulletins 2002-005 and 2000-008 for additional guidance.

Official's Response: The projects and amounts listed in the above finding were administered and disbursed by ODOT and OPWC. The Stark County Park District (SCPD) attempted on various occasions to obtain amounts from ODOT relating to their projects. Figures were not received in a timely manner nor were they consistent (i.e figures reported in one time period would be changed in the next reporting period as "additional information" was processed by ODOT). Due to the nature of these transactions, the SCPD, is to a large degree, dependent upon these organizations communicating accurate and timely information to the SCPD which would allow for the proper accounting treatment of these activities.

The SCPD will continue to work with these organizations, as well as Stark County (the SCPD's fiscal agent), to develop procedures to help ensure similar "on-behalf" activities are accounted for within the SCPD's financial statements.



Dave Yost • Auditor of State

STARK COUNTY PARK 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
JUNE 12, 2012**