



Dave Yost • Auditor of State

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY
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Dave Yost • Auditor of State

West Geauga Community Joint Recreation District
Gauga County
PO Box 384
Chesterland, Ohio 44026

To the Board of Trustees:

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

Columbus, Ohio

May 20, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Geauga Community Joint Recreation District
Gauga County
PO Box 384
Chesterland, Ohio 44026

To the Board of Trustees:

We have audited the accompanying financial statements of West Geauga Community Joint Recreation District, Gauga 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 of the West Geauga Community Joint Recreation District, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2013, 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

Columbus, Ohio

May 20, 2013

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY**

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

	<u>All Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$55,499	\$0	\$55,499
Intergovernmental	7,893	27,893	35,786
Investment Income	20	0	20
Fees	0	2,240	2,240
	<u>63,412</u>	<u>30,133</u>	<u>93,545</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
Conservation/Recreation:			
Maintenance	53,485	0	53,485
Insurance	1,769	0	1,769
Improvements	0	37,290	37,290
Other	1,603	0	1,603
	<u>56,857</u>	<u>37,290</u>	<u>94,147</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>6,555</u>	<u>(7,157)</u>	<u>(602)</u>
Fund Cash Balances, January 1, 2011	<u>12,072</u>	<u>22,991</u>	<u>35,063</u>
Fund Cash Balances, December 31			
Assigned		15,834	15,834
Unassigned (Deficit)	<u>18,627</u>		<u>18,627</u>
Fund Cash Balances, December 31, 2011	<u>\$18,627</u>	<u>\$15,834</u>	<u>\$34,461</u>

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

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY**

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

	<u>All Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$55,477	\$0	\$55,477
Intergovernmental	9,786	0	9,786
Investment Income	41	0	41
Fees	0	2,864	2,864
	<u>65,304</u>	<u>2,864</u>	<u>68,168</u>
Total Cash Receipts			
	<u>65,304</u>	<u>2,864</u>	<u>68,168</u>
Cash Disbursements:			
Current Disbursements:			
Conservation/Recreation:			
Maintenance	80,508	0	80,508
Insurance	1,807	0	1,807
Improvements	0	3,250	3,250
Other	638	0	638
	<u>82,953</u>	<u>3,250</u>	<u>86,203</u>
Total Cash Disbursements			
	<u>82,953</u>	<u>3,250</u>	<u>86,203</u>
Total Receipts Over/(Under) Disbursements	<u>(17,649)</u>	<u>(386)</u>	<u>(18,035)</u>
Fund Cash Balances, January 1, 2010	<u>29,721</u>	<u>23,377</u>	<u>53,098</u>
Fund Cash Balances, December 31			
Assigned		22,991	22,991
Unassigned (Deficit)	<u>12,072</u>		<u>12,072</u>
Fund Cash Balances, December 31, 2010	<u>\$12,072</u>	<u>\$22,991</u>	<u>\$35,063</u>

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

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The West Geauga Community Joint Recreation District, Geauga County, Ohio, (the District) is a Community Joint Recreation District established under the authority of Ohio Rev. Code Section 755.14. The District is comprised of Chester Township, Russell Township and the West Geauga Local School District. The District is directed by a nine-member Board of Trustees, three members are appointed by the School District, and each Township. The District was formed to promote and provide joint recreation programs for the area.

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. Cash and Cash Equivalents

The District's cash and cash equivalents consist of checking accounts and a money market account.

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 Projects 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:

Capital Improvement Fund – This fund was established to acquire, develop and improve District lands and facilities.

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA 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, 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 canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

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.

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees 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 Trustees 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.

2. EQUITY IN POOLED CASH

The District maintains cash in checking and savings accounts. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2011	2010
Total Demand Deposits	<u>\$34,461</u>	<u>\$35,063</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA COUNTY**

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

3. 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	\$62,338	\$63,412	\$1,074
Capital Projects	25,191	30,133	4,942
Total	\$87,529	\$93,545	\$6,016

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,500	\$56,857	\$5,643
Capital Projects	37,383	37,290	93
Total	\$99,883	\$94,147	\$5,736

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,347	\$65,304	\$957
Capital Projects	2,500	2,864	364
Total	\$66,847	\$68,168	\$1,321

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,314	\$82,953	(\$19,639)
Capital Projects	12,560	3,250	9,310
Total	\$75,874	\$86,203	(\$10,329)

In 2011, appropriations of \$37,383 were greater than estimated resources of \$25,191 by \$12,192 in the Capital Projects fund.

In 2010, the expenditures were greater than appropriations by \$19,639 in the General fund.

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA 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. These dates can change, if the County grants an extension on collection.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed only against local and inter-exchange telephone companies for 2010 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. Risk Management

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

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

West Geauga Community Joint Recreation District
Gauga County
PO Box 384
Chesterland, Ohio 44026

To the Board of Trustees:

We have audited the financial statements of the West Geauga Community Joint Recreation District, Gauga County, (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 20, 2013, 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 20, 2013.

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

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



Dave Yost
Auditor of State

Columbus, Ohio

May 20, 2013

**WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT
GEAUGA 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 2011-001

Significant Deficiency

Financial Reporting

Sound financial reporting is the responsibility of the District Treasurer and the Board and is essential to ensure the information provide to the readers of the financial statements is complete and accurate. There were adjustments made to the financial statements in 2011 to properly present Intergovernmental revenue of \$27,983, received from the State of Ohio, originally posted as an expenditure reduction which would understate revenue/expenditures.

The lack of controls over posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decrease the reliability of the financial data throughout the year.

We recommend the District adopt procedures for the Treasurer and the Board to review the posting of financial transactions and financial reporting to increase the reliability of the financial data throughout the year.

Officials' Response:

The Treasurer was unaware of the proper method of presentation and will properly record in the future should this situation arise.

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Dave Yost • Auditor of State

WEST GEAUGA COMMUNITY JOINT RECREATION DISTRICT

GEAUGA 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 6, 2013**