



**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State

**CANAL WINCHESTER JOIN RECREATION DISTRICT
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Fund Net Assets – Modified Cash Basis Enterprise Fund - December 31, 2009 and 2008	3
Statement of Receipts, Disbursements, and Changes in Fund Net Assets – Modified Cash Basis – Enterprise Fund - For the Years Ended December 31, 2009 and 2008	4
Statement of Cash Flows – Modified Cash Basis – Enterprise fund For Years Ended December 31, 2009 and 2008	5
Notes to the Basic 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>	11
Schedule of Findings	13

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Canal Winchester Joint Recreation District
Franklin County
10 North High Street
Canal Winchester, Ohio 43110

To the Board of Trustees:

We have audited the accompanying financial statements of the Canal Winchester Joint Recreation District, Franklin County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the Canal Winchester Joint Recreation District, Franklin County, Ohio, as of December 31, 2009 and 2008, and the respective changes in modified cash financial position and cash flows for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

The District did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

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

Mary Taylor, CPA
Auditor of State

August 23, 2010

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUND
DECEMBER 31, 2009 AND DECEMBER 31, 2008**

	<u>2,009</u>	<u>2,008</u>
Assets		
<i>Current Assets</i>		
Cash	\$ 46,941	\$ 60,227
Prepaid Items	14,304	16,777
Total Current Assets	<u>61,245</u>	<u>77,004</u>
<i>Noncurrent Assets</i>		
Capital Assets, Net	33,079	20,615
Total Assets	<u>94,324</u>	<u>97,619</u>
Liabilities		
Accounts Payable	52	694
Accrued Wages	1,431	1,660
Total Liabilities	<u>1,483</u>	<u>2,354</u>
Net Assets		
Unreserved/Unrestricted	<u>\$ 92,841</u>	<u>\$ 95,265</u>

See accompanying notes to the basic financial statements

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2,009	2,008
Operating Receipts		
Charges for Services	\$ 233,991	\$ 257,653
Other Operating Receipts	28,130	43,096
<i>Total Operating Receipts</i>	262,121	300,749
Operating Disbursements		
Purchased Services	14,483	22,312
Personal Services	34,677	42,728
Contractual Services	86,797	108,158
Materials and Supplies	102,010	104,234
Depreciation Expense	12,855	7,334
Other	13,723	19,419
<i>Total Operating Disbursements</i>	264,545	304,185
<i>Change in Net Assets</i>	(2,424)	(3,436)
<i>Net Assets Beginning of Year</i>	95,265	98,701
<i>Net Assets End of Year</i>	\$ 92,841	\$ 95,265

See accompanying notes to the basic financial statements

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Increase (Decrease) in Cash and Cash Equivalents:

	2009	2008
Cash Flows from Operating Activities		
Cash Received from Participants	\$ 233,991	\$ 257,653
Cash Received for Other Operating Receipts	28,130	43,096
Cash Payments to Employee	(34,906)	(41,068)
Cash Payments to Suppliers	(215,182)	(263,036)
Net Cash Provided by (Used for) Operating Activities	12,033	(3,355)
 Cash Flows From Investing Activities		
Purchase of Capital Assets	(25,319)	(12,593)
Net Decrease in Cash	(13,286)	(15,948)
Cash at Beginning of Year	60,227	76,175
Cash at End of Year	\$ 46,941	\$ 60,227
 <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>		
Operating Loss	(2,424)	(3,436)
 <u>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities</u>		
Depreciation	12,855	7,334
Changes in assets and liabilities:		
Increase (Decrease) in Accounts Payable	(642)	533
Increase (Decrease) in Accrued Wages	(229)	1,660
(Increase) Decrease in Prepaid Assets	2,473	(9,446)
Net Cash Provided By (Used for) Operating Activities	\$ 12,033	\$ (3,355)

See accompanying notes to the basic financial statements.

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**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. DESCRIPTION OF THE DISTRICT

The Canal Winchester Joint Recreation District (the "District") is a not-for-profit corporation organized under Section 755.12 to 755.18 of the Ohio Revised Code to provide athletic, recreational, and quality of life opportunities for the welfare and physical development of the residents of the Canal Winchester School District and the Village of Canal Winchester.

Oversight of the District is provided by a five member board that includes a representative from the Village and the School Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accounting records are maintained on a modified cash basis of accounting for financial statement presentation. The statement of net assets and the statement of revenues, expenses, and changes in net assets display information about the District. These statements include the financial activities of the primary government, which are considered business-type activities.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents – The District considers all checking, money market, and savings accounts to be cash and cash equivalents.

Capital Assets – Property and equipment is recorded at cost, if acquired for \$250 or more, or at estimated fair value, if donated. Depreciation on property and equipment is computed under the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years.

Net Assets – Net assets represent the difference between assets and liabilities.

Inter-program Transactions – During the course of operations, numerous inter-program transactions occur relating to the individual sports programs. These transactions have been eliminated for financial statement purposes.

Income Taxes – The District is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Thus, no provision for income taxes is included in these financial statements.

Advertising – The District expenses advertising as incurred.

3. BUDGETARY ACTIVITY

Contrary to Ohio Revised Code 5705, which requires the District to budget each fund annually, the District did not adopt a certificate of estimated resources or an appropriation measure. Also, the Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made; the District did not use the encumbrance method of accounting.

Accordingly, all expenditures violated budgetary requirements.

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. PREPAID EXPENSES

At December 31, 2009 and 2008, prepaid expenses consisted of the following:

	2009	2008
Program expenses for the following season	\$ 14,304	\$ 16,777

5. CAPITAL ASSETS

Machinery and equipment and related accumulated depreciation are summarized as follows:

	Balance 1/1/2008	Additions	Disposals	Balance 12/31/2008
Machinery and Equipment	\$22,234	\$8,976	\$0	\$31,210
Less: Accumulated Depreciation	(3,261)	(7,334)	-	(10,595)
Capital Assets, Net	\$18,973	\$1,642	\$0	\$20,615

	Balance 1/1/2009	Additions	Disposals	Balance 12/31/2009
Machinery and Equipment	\$31,210	\$25,319	\$0	\$56,529
Less: Accumulated Depreciation	(10,595)	(12,855)	-	(23,450)
Capital Assets, Net	\$20,615	\$12,464	\$0	\$33,079

Depreciation expense for the years ended December 31, 2009 and 2008 was \$12,855 and \$7,334, respectively.

6. CONCENTRATION OF CREDIT RISK

The Canal Winchester Joint Recreation District maintains cash balances in financial institutions insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2009, Canal Winchester Joint Recreation District held no balances in excess of this limit.

The District has no policy for custodial risk beyond the requirements of State statute.

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RELATED PARTIES

The District uses athletic fields and facilities of both the Village of Canal Winchester and the Canal Winchester Local School District. The Village provides facilities at no cost. The District pays the Canal Winchester Local School District a facility fee for maintenance and janitorial services for the District's use of the school district's athletic facilities; the amount paid to the school district was \$12,525 in 2009 and \$11,890 in 2008.

8. SUBSEQUENT EVENTS

Effective January 1, 2010, the District changed its capitalization threshold from \$250 to \$500.

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Mary Taylor, CPA

Auditor of State

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

Canal Winchester Joint Recreation District
Franklin County
10 North High Street
Canal Winchester, Ohio 43110

To the Board of Trustees:

We have audited the basic financial statements of the Canal Winchester Joint Recreation District, Franklin County, Ohio (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 23, 2010, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 2009-002 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 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 23, 2010.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.



Mary Taylor, CPA
Auditor of State

August 23, 2010

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2009-001

Material Non-Compliance – Ohio Budgetary Law

Ohio Rev. Code Section 5705.28(B)(2) requires the District to follow material budgetary laws, including Ohio Rev. Code 5705.36 (certification of available resources), Ohio Rev. Code 5705.38 (adopting appropriations), and 5705.41(B) (expenditures cannot exceed appropriations).

The District did not certify available resources or adopt an appropriation measure and file it with the County Auditor for 2008 or 2009. By not adopting appropriations, effectively all expenditures made during 2008 and 2009 exceeded appropriations.

We recommend the District follow all applicable budgetary requirements of Ohio Rev. Code Section 5705, by certifying available resources and adopting an appropriation resolution.

Officials Response:

We will work with the County Auditor to implement procedures through which we will properly and timely file the required budgetary documents described above.

FINDING 2009-002

Material Weakness – Financial Statement Adjustments

Sound financial reporting is the responsibility of the Administrator and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the District's December 31, 2009 financial statements and capital asset records:

1. Entry to decrease Capital Assets by \$9,452 for 2009 depreciation on capital assets.
2. Entry to for \$35,481 to eliminate Deferred Revenue and increase Charges for Services.
3. Entry for \$67,818 to decrease Charges for Services and Purchased Services Expenditures to eliminate interfund activity.
4. Various entries totaling \$36,369 to decrease Other Operating Receipts and Purchased Services expenditures.

The following audit adjustments were made to the District's December 31, 2008 financial statements and capital asset records:

1. Entry to decrease beginning balance of Capital Assets by \$56,973 for assets not owned by the District and assets originally included in the balance below District's capitalization threshold.
2. Entry to decrease Capital Assets by \$7,334 for 2008 depreciation on capital assets.
3. Entry for \$33,332 to eliminate Deferred Revenue and increase Charges for services.
4. Entry for \$59,854 to decrease Charges for Services and Purchased Services Expenditures to eliminate interfund activity.

**CANAL WINCHESTER JOINT RECREATION DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2009-002 (Continued)

Material Weakness – Financial Statement Adjustments (Continued)

Although the District has implemented various controls over financial reporting, the need to issue audit adjustments indicates that controls may not be effective or may not be operating as management had intended.

We recommend the District take steps to ensure the accurate posting of all transactions to the accounting records. By exercising accuracy in recording financial activity, the District can reduce posting errors and increase the reliability of the financial data throughout the year.

We also recommend the District implement additional procedures over the completeness and accuracy of financial information reported within the financial statements. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials Response:

CWJRD will make changes to how transactions are recorded within the accounting system to allow more accurate reporting via existing reports. These changes will be implemented with the beginning of winter sports prior to the end of 2010 and include the following actions:

1. Registrations deposits will be assigned a budget class when deposited to avoid additional transactions to General Fund, Expansion Fund.
2. Transactions for winter sports that cross calendar years will not be deferred to the following year.
3. CWJRD will review depreciation expenses of capital assets to assure proper reporting.



Mary Taylor, CPA
Auditor of State

CANAL WINCHESTER JOINT RECREATION DISTRICT

FRANKLIN 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
OCTOBER 14, 2010**