

The Board of Representatives
West Shore Recreation Commission
Camp Hill, Pennsylvania

We are pleased to present this report related to our audit of the financial statements of West Shore Recreation Commission (the Commission) for the year ended December 31, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for West Shore Recreation Commission's financial reporting process.

Generally accepted auditing standards (AU-C260, *The Auditor's Communication With Those Charged With Governance*) require that the auditor promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 20, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practices.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions, or significant accounting policies, in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record any such accounting estimates. Management has informed us that it used all relevant facts available to it at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit.

Audit Adjustments

There were audit adjustments made to the original trial balance presented to us to begin our audit. All audit adjustments proposed by us were reviewed and approved by management.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Significant written communications between our Firm and the management of the Commission, including the representation letter, have been provided to us by management.

Closing

This report is intended solely for the information and use of the Board of Representatives and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to West Shore Recreation Commission.

Boyer & Litter

Camp Hill, Pennsylvania
July 17, 2019

**WEST SHORE
RECREATION COMMISSION**

FINANCIAL REPORT

DECEMBER 31, 2018

CONTENTS

| | |
|---|-------|
| INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS | 1 - 2 |
|---|-------|

FINANCIAL STATEMENTS

| | |
|---|---------|
| Government-wide Financial Statements | |
| Statement of Assets, Liabilities and Net Position - Modified Cash Basis | 3 |
| Statement of Activities - Modified Cash Basis | 4 |
| Fund Financial Statements | |
| Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis - Governmental Fund | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Fund | 6 - 7 |
| Statement of Revenues and Expenditures - Modified Cash Basis - Budget to Actual - General Fund | 8 - 9 |
| Notes to Financial Statements | 10 - 14 |

INDEPENDENT AUDITOR'S REPORT

Board of Representatives
West Shore Recreation Commission
Camp Hill, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of the West Shore Recreation Commission as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement; whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements; whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial positions of the governmental activities and the major fund of the West Shore Recreation Commission as of December 31, 2018, and the respective changes in modified cash basis financial positions, and the budgetary comparison for the General Fund for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters - Required Supplementary Information

Management has omitted Management's Discussion and Analysis that the modified cash basis of accounting requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
July 17, 2019

WEST SHORE RECREATION COMMISSION

STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS

December 31, 2018

| | Governmental Activities | Total 2018 | (Summarized) Total 2017 |
|---|----------------------------|------------------|-------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 84,791 | \$ 84,791 | \$ 104,167 |
| Total assets | \$ 84,791 | \$ 84,791 | \$ 104,167 |
| LIABILITIES | | | |
| Liabilities | \$ - | \$ - | \$ - |
| NET POSITION | | | |
| Unrestricted | 84,791 | 84,791 | 104,167 |
| Total liabilities and net position | \$ 84,791 | \$ 84,791 | \$ 104,167 |

See Notes to Financial Statements.

WEST SHORE RECREATION COMMISSION

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2018

| Function/Programs | Program Revenue | | | Net Revenue and Changes in Net Position (Summarized) Total 2018 | Total 2017 |
|--------------------------------------|-----------------|----------------------------|--|---|---------------|
| | Expenses | Charges For Services | Operating Grants And Contributions | | |
| Governmental Activities | | | | | |
| Culture and recreation | \$ 569,343 | \$ 439,156 | \$ 110,686 | \$ (19,501) | \$ 6,855 |
| Total governmental activities | \$ 569,343 | \$ 439,156 | \$ 110,686 | (19,501) | 6,855 |
| General Revenues and Transfers | | | | | |
| Investment income | | | | 120 | 100 |
| Miscellaneous income | | | | 5 | 432 |
| Total general revenues and transfers | | | | 125 | 532 |
| Change in net position | | | | (19,376) | 7,387 |
| Net Position - January 1, 2018 | | | | 104,167 | 96,780 |
| Net Position - December 31, 2018 | | | | \$ 84,791 | \$ 104,167 |

See Notes to Financial Statements.

WEST SHORE RECREATION COMMISSION

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS - GOVERNMENTAL FUND
 December 31, 2018**

| | General Fund | Total 2018 | (Summarized) Total 2017 |
|---|------------------|-----------------------|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 84,791 | \$ 84,791 | \$ 104,167 |
| Total assets | \$ 84,791 | \$ 84,791 | \$ 104,167 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| | \$ - | \$ - | \$ - |
| FUND BALANCE | | | |
| Unassigned | 84,791 | 84,791 | 104,167 |
| Total fund balance | 84,791 | 84,791 | 104,167 |
| Total liabilities and fund balance | \$ 84,791 | \$ 84,791 | \$ 104,167 |

See Notes to Financial Statements.

WEST SHORE RECREATION COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - GENERAL FUND - (Continued)
 Year Ended December 31, 2018**

| | General Fund | Total 2018 | (Summarized) Total 2017 |
|------------------------------------|------------------|-----------------------|-------------------------------|
| EXPENDITURES (Continued) | | | |
| Payroll taxes | 21,738 | 21,738 | 21,064 |
| Postage | 8,078 | 8,078 | 8,198 |
| Professional fees | 6,910 | 6,910 | 6,759 |
| Office rent | 1,372 | 1,372 | 1,220 |
| Office equipment maintenance | 3,422 | 3,422 | 3,432 |
| Computer software | 1,872 | 1,872 | 3,567 |
| Brochures | 12,573 | 12,573 | 13,198 |
| Vehicle expenses | 25,457 | 25,457 | 1,420 |
| Internet services | 3,660 | 3,660 | 3,252 |
| Office equipment | 4,228 | 4,228 | 2,411 |
| Youth scholarships | 778 | 778 | 315 |
| Total expenditures | 569,343 | 569,343 | 528,067 |
| Changes in fund balance | (19,376) | (19,376) | 7,387 |
| Fund Balance - January 1, 2018 | 104,167 | 104,167 | 96,780 |
| Fund Balance - December 31, 2018 | <u>\$ 84,791</u> | <u>\$ 84,791</u> | <u>\$ 104,167</u> |

See Notes to Financial Statements.

WEST SHORE RECREATION COMMISSION

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - GENERAL FUND - (Continued)
 Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| Postage | 8,750 | 8,750 | 8,078 | 672 |
| Professional fees | 6,884 | 6,884 | 6,910 | (26) |
| Office rent | 1,200 | 1,200 | 1,372 | (172) |
| Office equipment maintenance | 3,700 | 3,700 | 3,422 | 278 |
| Computer software | 700 | 700 | 1,872 | (1,172) |
| Brochures | 13,800 | 13,800 | 12,573 | 1,227 |
| Vehicle expense | 2,800 | 2,800 | 25,457 | (22,657) |
| Internet services | 3,300 | 3,300 | 3,660 | (360) |
| Office equipment | 3,400 | 3,400 | 4,228 | (828) |
| Youth scholarships | - | - | 778 | (778) |
| Total expenditures | 517,423 | 517,423 | 569,343 | (51,920) |
| Excess of revenues over expectations | \$ 163 | \$ 163 | \$(19,376) | \$ (19,539) |

See Notes to Financial Statements.

WEST SHORE RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the West Shore Recreation Commission (Commission) have been prepared in conformity with the modified cash basis of accounting as applied to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

The Reporting Entity: West Shore Recreation Commission was formed in 1968 to jointly administer recreation and leisure service programs for the participating member municipalities of the West Shore School District. During 2018, the Board included a representative from Fairview Township, Goldsboro Borough, Lemoyne Borough, Lewisberry Borough, Lower Allen Township, and New Cumberland Borough. The Commission, based on an agreement of intergovernmental cooperation, utilizes a combination of public and private resources to promote and provide organized recreation and leisure-time opportunities for all residents of the participating member municipalities of the West Shore School District.

Basis of Accounting: The Commission prepares its financial statements on the modified cash basis of accounting, which means that revenues are recorded when cash is received, and expenditures are recorded when cash is disbursed; except for payroll liabilities, which are recorded when incurred.

Basis of Presentation: The Commission's financial statements consist of government-wide statements, including a statement of assets, liabilities and net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The statement of assets, liabilities and net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Commission that are governmental and those that are considered business-type activities, if any.

The statement of assets, liabilities and net position presents the financial condition of the governmental activities of the Commission at year end. Net position is segregated between restricted and unrestricted amounts. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include contributions that are restricted to meeting the operational or capital requirements of a particular program and investment income, earned on grants that is required to be used to support a particular program.

WEST SHORE RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued): Revenues which are not classified as program revenues are presented as general revenues of the Commission with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Commission.

Fund Financial Statements: During the year, the Commission segregates transactions related to certain Commission functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Commission at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Commission had one major fund and no non-major funds.

Fund Accounting: The fund balances of the governmental funds are classified as follows:

- Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Representatives, the highest level of decision-making authority for the Commission. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Board.
- Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Representatives may assign amounts for specific purposes.
- Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds as needed, unless the Board of Representatives has provided otherwise in its commitment or assignment actions.

WEST SHORE RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Comparative Data: Comparative total data from the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and results of operations. This prior year summarized, comparative information is not presented in the level of detail required for presentation in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Budgets and Budgetary Accounting: The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary integration is employed as a management control device during the year. Annually, a budget is adopted on a cash basis, consistent with the Commission's method of accounting.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Cash and Cash Equivalents: At December 31, 2018, cash includes all demand deposits and certificates of deposit with First National Bank.

Subsequent Events: In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through July 17, 2019, the date the financial statements were available to be issued.

Note 2. Deposits

Pennsylvania statutes provide for investment of governmental funds into certain authorized types including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

Deposits: The deposit and investment policy of the Commission adheres to the state statutes and prudent business practice.

Custodial Credit Risk: All of the Commission's cash deposits are either insured or collateralized. Custodial credit risk is the risk that the Commission's deposits may not be recoverable in the event of a depository institution failure. The Commission does not have a formal policy regarding custodial credit risk for deposits. However, it requires that all deposits in excess of FDIC insurance coverage be collateralized by the depository institution with approved collateral as provided by law. At December 31, 2018, the Commission had deposit balances totaling \$101,285, all of which was insured.

WEST SHORE RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases

As of December 11, 2013, the Commission moved its operations to space donated by the West Shore School District located in the West Shore School District Administrative Building. On July 1, 2017 the Commission entered into a two-year lease agreement with the West Shore School District. The lease shall automatically renew for successive periods of one year. The Commission estimates that the fair market value of the office space is \$30,000 annually. Monthly rent as of December 31, 2018, was \$0.

Effective December 10, 2013, the Commission agreed to lease a storage space from Susquehanna Valley Self Storage under a month-to-month lease agreement. Monthly rent as of December 31, 2018, was \$123.

Effective January 18, 2017, the Commission agreed to lease a copier from Phillips Capital under a five-year lease which expires on January 17, 2022. Monthly rent as of December 31, 2018, was \$181.

Minimum future annual rentals at December 31, 2018, are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------|
| 2019 | \$ 2,172 |
| 2020 | 2,172 |
| 2021 | 2,172 |
| 2022 | 181 |
| | <u>\$ 6,697</u> |

Note 4. Retirement Plan

West Shore Recreation Commission has established a retirement plan under Section 401 of the Internal Revenue Code for all full-time employees. The plan is funded at the discretion of the Board of Representatives. Additionally, the plan provides for an election by employees to defer part of their compensation. Employees are eligible for entry into the plan after they have attained the age of 21 and completed one year of service. Employer contributions, as well as any plan forfeitures, are distributed to participants' accounts based on the percentage of the participants' compensation for the given year to the total of all participants' compensation. Employees are 100% vested in the plan after three years of service. Employees are eligible for benefits upon normal retirement (attainment of age 65), early retirement (attainment of the later of age 55 or completion of five years of vested service), death or disability. Terminated employees who are vested in the plan are also eligible for benefits.

The payroll for employees eligible for participation in the plan for the year ended December 31, 2018, was \$104,073, and the total payroll was \$277,742. At December 31, 2018, there were two employees participating in the plan. The contribution for 2018 was \$6,244.

WEST SHORE RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 5. Related-Party Facility Fees and Management Income

The Commission has an agreement with West Shore School District which obligates the Commission to pay 7.00% of participants' aquatic fees to the School District for use of the District's natatorium. Included in 2018 facility fees and rentals is payment of \$4,058 of 2018 participants' aquatic fees.

Effective January 2012, the West Shore School District required the Commission to pay fees for all adult programs held at the District's facilities. Participants' rates have increased to reflect these additional fees. Included in 2018 facility fees and rentals is payment of \$1,400 of these 2018 fees.

Effective April 20, 2011, the commission entered into an agreement to manage the pool for Lemoyne Borough. The agreement is renewed annually. During 2018, the Commission received \$68,681 associated with managing the Lemoyne pool. 2018 payroll and supplies expenditures related to management of Lemoyne's pool totaled \$53,458.

Note 6. Required Individual-Fund Disclosures

2018 expenditures exceeded 2018 appropriations by \$51,920. This deficiency was offset by 2018 revenues in excess of those budgeted.