

**Report to the  
Board**

# **Morgan County Parks and Recreation**

**June 30, 2023**

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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# Ferrari & Associates, PLLC

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# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## Communication with Those Charged with Governance

December 4, 2023

Honorable Members of the Board  
Morgan County Parks and Recreation  
Berkeley Springs, West Virginia

We have audited the financial statements of the business-type activities of the Morgan County Parks and Recreation (the "Parks and Recreation") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Parks and Recreation are described in Note I to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the years. We noted no transactions entered into by the Parks and Recreation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Parks and Recreation’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings, or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Parks and Recreation’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

We were not engaged to report on the introductory section, which accompanies the financial statements but is not Required Supplementary Information. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Restriction on Use**

This information is intended solely for the information and use of the Board and management of the Parks and Recreation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Ferrari & Associates, PLLC*

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## Communication of Internal Control-Related Matters

Honorable Members of the Board  
Morgan County Parks and Recreation  
Berkeley Springs, West Virginia

In planning and performing our audit of the financial statements of the business-type activities of the Morgan County Parks and Recreation (the "Parks and Recreation") as of and for the year ended June 30, 2023 in accordance with auditing standards generally accepted in the United States of America, we considered the Parks and Recreation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Parks and Recreation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parks and Recreation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 Parks and Recreation's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the Parks and Recreation's internal control to be a significant deficiency:

### **Segregation of Duties**

The Board has a limited number of personnel with responsibility for accounting and financial reporting matters. As a result, there is a lack of segregation of duties over the initiation, authorization, custody, recording, and reporting of transactions. We recommend continued review and assessment in this area of internal control to the extent economically practicable.

This communication is intended solely for the information and use of management, the Board, and others within the Parks and Recreation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia  
December 4, 2023**

Report to the Board of Morgan  
County Parks and Recreation

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## **Appendix A** Management Representation Letter



## **Morgan County Parks and Recreation**

77 Fairfax St Room 102 Berkeley Springs, WV 25411

December 4, 2023

Ferrari & Associates, PLLC  
616 Schubert Pl  
Morgantown, WV 26505

This representation letter is provided in connection with your audit of the financial statements of the Morgan County Parks and Recreation (the Parks), which comprise the respective financial position of the business-type activities as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 4, 2023, the following representations made to you during your audit.

### ***Financial Statements***

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 15, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other information of the primary government to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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 fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable.



- 6) Related-party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures, if any, have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts. There are no uncorrected misstatements.
- 9) The effects of all known actual or possible litigation, claims, and assessments, if any, have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, if any, whether written or oral, under which the Parks is contingently liable, have been properly recorded or disclosed.

**Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Parks from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing the Parks or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud affecting the Parks that involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Parks financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the

financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- 18) We have disclosed to you the names of the Parks' related parties and all the related party relationships and transactions of which we are aware, including any side agreements.

**Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) We have provided our views on reported findings, conclusions, and recommendations as well as our planned corrective actions, for the report.
- 24) The Parks have no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of those services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 29) In regard to the assistance of preparation of the financial statements and related notes services performed by you, we have—
- a) Assumed all management responsibility.
  - b) Designated Aaron Close, Treasurer, who has suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluated the adequacy and results of the services performed.

- d) Accepted responsibility of the services.
- 30) The Parks have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  - 31) The Parks have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  - 32) The financial statements include all component units, if any, as well as joint ventures, if any, with an equity interest, and properly disclose all other joint ventures and other related organizations.
  - 33) The financial statements include all fiduciary activities required by GASBS No. 84 , as amended.
  - 34) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.
  - 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and present as such and all other funds that are presented as major are particularly important to financial statement users.
  - 36) Components of net position (net investments in capital assets; restricted; and unrestricted) and are properly classified and, if applicable, approved.
  - 37) Investments, derivative instrument transactions, and land and other real estate, if any, held by endowments are properly valued.
  - 38) Provisions for uncollectible receivables have been properly identified and recorded.
  - 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
  - 40) Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
  - 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
  - 42) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
  - 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, if applicable, depreciated or amortized.
  - 44) We have appropriately disclosed the Parks' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

Aaron T Close

Aaron Close

Treasurer \_\_\_\_\_

Title