



**CLEVELAND METROPOLITAN PARK DISTRICT  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CLEVELAND METROPOLITAN PARK DISTRICT  
CUYAHOGA COUNTY

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Accountant's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund	5
Notes to the General Purpose Financial Statements	7
Report on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	21

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## INDEPENDENT ACCOUNTANTS' REPORT

Board of Park Commissioners  
Cleveland Metropolitan Park District  
Cuyahoga County  
4101 Fulton Parkway  
Cleveland, Ohio 44144

We have audited the accompanying general-purpose financial statements of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the Park District) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As described in Note 3 to the general-purpose financial statements, the District restated their beginning general long-term obligation account group balance for an understatement of compensated absences.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio as of December 31, 2000, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2001 on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Jim Petro**  
Auditor of State

July 20, 2001

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**Cleveland Metropolitan Park District, Cuyahoga County**

*Combined Balance Sheet*

*All Fund Types and Account Groups*

*December 31, 2000*

	Governmental	Account Groups		Totals (Memorandum Only)	
	Fund Type	General	General Long-Term Obligations	2000	1999
	General	Fixed Assets			
<b>Assets and Other Debits</b>					
<b>Assets</b>					
Cash and Investments	\$27,759,604	\$0	\$0	\$27,759,604	\$26,628,386
Cash and Investments with Fiscal Agents	298,891	0	0	298,891	506,854
Receivables:					
Taxes	37,438,242	0	0	37,438,242	36,561,971
Accounts	50,215	0	0	50,215	210,061
Accrued Interest	445,112	0	0	445,112	184,216
Intergovernmental Receivable	313,083	0	0	313,083	6,833
Materials and Supplies Inventory	788,355	0	0	788,355	795,450
Fixed Assets	0	129,147,517	0	129,147,517	119,193,352
<b>Other Debits</b>					
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	4,024,081	4,024,081	3,619,851
<b>Total Assets and Other Debits</b>	<b>\$67,093,502</b>	<b>\$129,147,517</b>	<b>\$4,024,081</b>	<b>\$200,265,100</b>	<b>\$187,706,974</b>
<b>Liabilities, Fund Equity and Other Credits</b>					
<b>Liabilities</b>					
Accounts Payable	\$1,171,326	\$0	\$0	\$1,171,326	\$1,753,453
Accrued Wages	920,373	0	0	920,373	936,561
Compensated Absences Payable	171,493	0	4,024,081	4,195,574	3,704,563
Retainage Payable	298,891	0	0	298,891	506,854
Intergovernmental Payable	439,932	0	0	439,932	376,907
Deferred Revenue	37,438,242	0	0	37,438,242	36,561,971
<b>Total Liabilities</b>	<b>40,440,257</b>	<b>0</b>	<b>4,024,081</b>	<b>44,464,338</b>	<b>43,840,309</b>
<b>Fund Equity and Other Credits</b>					
Investment in General Fixed Assets	0	129,147,517	0	129,147,517	119,193,352
Fund Balance:					
Reserved for Encumbrances	2,423,287	0	0	2,423,287	3,982,349
Reserved for Inventory	539,068	0	0	539,068	795,450
Unreserved; Undesignated	23,690,890	0	0	23,690,890	19,895,514
<b>Total Fund Equity and Other Credits</b>	<b>26,653,245</b>	<b>129,147,517</b>	<b>0</b>	<b>155,800,762</b>	<b>143,866,665</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$67,093,502</b>	<b>\$129,147,517</b>	<b>\$4,024,081</b>	<b>\$200,265,100</b>	<b>\$187,706,974</b>

See accompanying notes to the general purpose financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Revenues, Expenditures*

*and Changes in Fund Balance*

*General Fund*

*For the Year Ended December 31, 2000*

	<u>2000</u>	<u>1999</u>
<b>Revenues</b>		
Property Taxes	\$37,429,974	\$37,459,901
Grants/Local Government	2,592,539	5,362,267
Interest	1,891,963	1,472,503
Golf Receipts	5,467,240	5,851,056
Zoo Receipts	6,239,793	5,260,100
Chalet/Concession Receipts	354,742	371,634
Ledge Pool	33,324	62,090
Other	<u>1,343,429</u>	<u>1,293,376</u>
<i>Total Revenues</i>	<u>55,353,004</u>	<u>57,132,927</u>
<b>Expenditures</b>		
Current:		
Salaries and Fringes	29,609,186	28,969,931
Operating Supplies	4,655,463	3,795,351
Contractual Services	5,271,988	3,435,498
Utilities	1,246,237	2,569,856
Construction Materials	3,505,245	1,249,018
Construction Contracts	7,068,957	14,013,627
Zoo Animals	89,267	122,995
Capital Outlay	<u>1,919,634</u>	<u>2,072,252</u>
<i>Total Expenditures</i>	<u>53,365,977</u>	<u>56,228,528</u>
<i>Excess of Revenues Over Expenditures</i>	1,987,027	904,399
<i>Fund Balance Beginning of Year</i>	24,673,313	23,268,309
Increase (Decrease) in Reserve for Inventory	<u>(7,095)</u>	<u>500,605</u>
<i>Fund Balance End of Year</i>	<u>\$26,653,245</u>	<u>\$24,673,313</u>

See accompanying notes to the general purpose financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Revenues, Expenditures and Changes in*

*Fund Balance - Budget (Non-GAAP Basis) and Actual*

*General Fund*

*For the Year Ended December 31, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property Taxes	\$37,401,656	\$37,429,974	\$28,318
Grants/Local Government	3,081,987	2,592,539	(489,448)
Interest	1,004,000	1,657,178	653,178
Golf Receipts	5,856,220	5,464,740	(391,480)
Zoo Receipts	6,139,942	6,333,657	193,715
Chalet/Concession Receipts	324,865	403,862	78,997
Ledge Pool	63,125	33,324	(29,801)
Other	934,960	1,047,221	112,261
<i>Total Revenues</i>	<u>54,806,755</u>	<u>54,962,495</u>	<u>155,740</u>
<b>Expenditures</b>			
Current:			
Salaries and Fringes	30,853,557	29,510,475	1,343,082
Operating Supplies	4,856,927	4,620,438	236,489
Contractual Services	5,887,363	5,514,938	372,425
Utilities	2,236,269	2,213,709	22,560
Construction Materials	4,835,585	4,045,103	790,482
Construction Contracts	11,242,042	9,493,770	1,748,272
Zoo Animals	121,015	118,816	2,199
Capital Outlay	3,254,379	1,931,195	1,323,184
<i>Total Expenditures</i>	<u>63,287,137</u>	<u>57,448,444</u>	<u>5,838,693</u>
<i>Excess of Revenues Under Expenditures</i>	(8,480,382)	(2,485,949)	5,994,433
<i>Fund Balance Beginning of Year</i>	21,575,063	21,575,063	0
Prior Year Encumbrances Appropriated	<u>5,027,212</u>	<u>5,027,212</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$18,121,893</u>	<u>\$24,116,326</u>	<u>\$5,994,433</u>

See accompanying notes to the general purpose financial statements

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## **Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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### **Note 1 - Reporting Entity and Basis of Presentation**

The Cleveland Metropolitan Park District (the District) is a body politic established on July 23, 1917, by the Cuyahoga County Probate Court, under the authority of Section 1434.01, Ohio Revised Code.

The District's governing body is a three member board of park commissioners, who are appointed to three year terms by the Cuyahoga County Probate Court. Cuyahoga County cannot directly impose their will on the District; therefore, the District is a related organization of Cuyahoga County.

#### ***A. Reporting Entity***

In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Cleveland Metropolitan Park District and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

The report of the stand-alone government comprises all activities and services which are not legally separate from the District. The District is dedicated to the conservation of natural resources and wildlife, while providing various recreational facilities and services which are to be enjoyed by the public. The operation of each of these activities is directly controlled by the Board of Park Commissioners through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the stand-alone government.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Currently, the District has no component units.

#### ***B. Basis of Presentation - Fund Accounting***

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the District presents one broad governmental fund category.

## Cleveland Metropolitan Park District, Cuyahoga County

Notes To The General Purpose Financial Statements

For The Year Ended December 31, 2000

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### *Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following is the District's governmental fund type:

**General Fund** This fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

### *Account Groups*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** The general fixed assets account group is used to account for all fixed assets of the District.

**General Long-Term Obligations Account Group** The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the District.

## **Note 2 - Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

### **A. Measurement Focus and Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases ( i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The general fund is accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the District is sixty days after year end.

## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, local government tax, golf fees, zoo admissions and park concessions.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the general fund.

#### ***B. Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. The general fund is legally required to be budgeted and appropriated.

All disbursements require appropriation authority. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the District Board of Park Commissioners.

#### *Budget*

A budget of estimated cash receipts and disbursements is prepared by the Treasurer, approved by the Board of Park Commissioners and submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

#### *Estimated Resources*

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Treasurer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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*Appropriations*

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available. Total fund appropriations may not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution. During the year, several supplemental appropriation measures were passed. However, none were significant in amount. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

*Encumbrances*

The District is required by Ohio Law to use the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

*Lapsing of Appropriations*

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

**C. Cash and Investments**

The District utilizes a fiscal agent to hold retainage on construction contracts. The balances of these accounts are presented on the combined balance sheet as "cash and investments with fiscal agents".

During 2000 the District's investments were limited to certificates of deposit, repurchase agreements, and STAROhio, Federal Home Loan Bank Discount and Federal National Mortgage Association Notes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$1,891,963.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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***D. Inventory***

Inventories of governmental funds are stated at cost and are determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures when purchased and is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory held for resale is not offset by a fund balance reserve.

***E. General Fixed Assets***

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures, and the related assets are reported in the general fixed assets account group.

General fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The fixed assets threshold has been set at \$1,000.

Improvements are capitalized. Interest incurred during the construction of general fixed assets is not capitalized. Assets in the general fixed asset account group are not depreciated.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks (all-purpose trails), drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the District.

Animal transactions that involve cash are recorded as a revenue or expenditure in the period the animal was shipped or received. The value of the zoological collection is not carried as an asset on the balance sheet of the District.

***F. Accrued Liabilities and Long-Term Obligations***

In general, general fund payables and accrued liabilities are reported as obligations of the fund, regardless of whether they will be liquidated with current resources. However, compensated absences are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources.

***G. Compensated Absences***

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based upon the District's past experience of making termination payments.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the general fund. The remainder is reported in the general long-term obligations account group.

***H. Fund Equity***

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures including amounts that are legally segregated for a specific future use. Fund balance is reserved for encumbrances and inventories.

***I. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

***J. Memorandum Only - Total Columns***

The "Total" columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**Note 3 - Restatement of Prior Year's Fund Balance**

The General Long-Term Obligations Account Group balance at December 31, 1999 was restated by \$447,072 from \$3,172,779 to \$3,619,851, due to an understatement of compensated absences payable.

**Note 4 - Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Unrecorded expenditures and cash represent amounts expended or received but not included as expenditures or revenues on the budget basis operating statements. These amounts are included as expenditures and revenues on the GAAP basis operating statements.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis:

Excess of Revenues Over (Under) Expenditures General Fund	
GAAP Basis	\$1,987,027
Net Adjustment for Revenue Accruals	(392,049)
Net of Cash on Hand and Expenditures not posted	(60,566)
Net Adjustment for Expenditure Accruals	(316,517)
Encumbrances	<u>(3,703,844)</u>
Budget Basis	<u><u>(\$2,485,949)</u></u>

**Note 5 - Deposits and Investments**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Park Commissioners have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No load market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

The following information classifies deposits and investments by categories as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits** At year-end, the carrying amount of the District's deposits was \$20,074,958 and the bank balance was \$20,326,192. Of the bank balance, \$500,000 of the bank balance was covered by federal depository insurance and \$19,826,192 was uncollateralized and uninsured.

**Investments** Investments are classified under the guidelines of GASB Statement No. 3 into three categories. Category 1 includes investments that are insured or registered or are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	<u>\$1,005,000</u>	\$1,005,000	\$1,005,000
STAROhio		<u>6,978,537</u>	<u>6,978,537</u>
Total Investments		<u>\$7,983,537</u>	<u>\$7,983,537</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$28,058,495	\$0
Repurchase Agreement	(1,005,000)	1,005,000
STAROhio	<u>(6,978,537)</u>	<u>6,978,537</u>
GASB Statement No. 3	<u>\$20,074,958</u>	<u>\$7,983,537</u>

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible personal property located in Cuyahoga County and Districts 16 and 17 in Medina County. Property tax revenue received during 2000 for real and public property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) are for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 Tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all District operations for the year ended December 31, 2000 was \$1.55 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$21,490,738,410	\$163,055,150
Public Utility Personal Property	1,223,336,250	6,405,680
Tangible Personal Property	2,915,478,528	4,943,070
Total Assessed Value	<u>\$25,629,553,188</u>	<u>\$174,403,900</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due by September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurers collect property taxes on behalf of all taxing districts in the county, including the Cleveland Metropolitan Park District. The County Auditors periodically remit to the District its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

**Note 7 - Receivables**

Receivables at December 31, 2000 primarily consisted of taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible. The principal items of intergovernmental receivables are fees from other governmental entities.

**Note 8 - Fixed Assets**

A summary of changes in fixed assets during 2000 follows:

	<u>Balance January 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2000</u>
Land	\$21,133,981	\$1,090,512	\$0	\$22,224,493
Buildings	76,883,362	12,990,271	(1,900,143)	87,973,490
Machinery and Equipment	9,835,131	900,488	(435,363)	10,300,256
Vehicles	6,215,601	1,015,249	(325,849)	6,905,001
Construction in Progress	5,125,277	1,437,449	(4,818,449)	1,744,277
Total	<u>\$119,193,352</u>	<u>\$17,433,969</u>	<u>(\$7,479,804)</u>	<u>\$129,147,517</u>

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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**Note 9 - Contingencies**

The District is a party to legal proceedings seeking damages. The District management is of the opinion that the ultimate disposition of a majority of the claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**Note 10 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the District contracted with several companies for various types of insurance as follows:

Company	Type	Coverage
Royal/St. Paul	Flood	\$20,000,000
St. Paul	Excess Liability	5,000,000
	Property	137,569,502
	Automobile Liability	1,000,000
	Inland Marine	3,500,000
	Treasurer Bond	1,000,000
	Public Official/Law Enforcement	4,000,000
	Boiler and Machinery	30,000,000
	Data Processing Equipment	1,750,000
	Commercial Crime	250,000
NFIP	Flood	1,261,400

Workers' compensation coverage is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last five years.

**Note 11 - Long Term Obligations**

Changes in the long-term obligations of the District during 2000 were as follows:

	Outstanding January 1, 2000	Additions	(Reductions)	Outstanding December 31, 2000
<b>General Long-term Obligations:</b>				
Compensated Absences	<u>\$3,619,851</u>	<u>\$596,954</u>	<u>\$192,724</u>	<u>\$4,024,081</u>

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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Compensated absences reported in the "compensated absences payable" account will be paid from the general fund.

**Note 12 - Compensated Absences**

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements. Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be accumulated for up to three years. Sick leave accrual is continuous, without limit.

Upon retirement, termination, or death, an employee with ten or more years of service with the District will be paid for one fourth of their accumulated hours of sick leave. Upon retirement, termination, or death, an employee will be paid for unused vacation up to the three year limit.

Holiday time may be accumulated for rangers and compensatory time earned must be taken by the end of the subsequent calendar year.

As of December 31, 2000, the liability for unpaid compensated absences was \$4,195,574.

**Note 13 - Defined Benefit Pension Plan**

***Public Employee Retirement System***

All District full-time employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the District was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,583,588, \$2,172,980, and \$2,073,988, respectively. The full amount has been contributed for 1999 and 1998. 96.94 percent has been contributed for 2000 with the remainder being reported as a fund liability.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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**Note 14 - Postemployment Benefits**

***Public Employees Retirement System***

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll: 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The District's actual contributions for 2000 which were used to fund postemployment benefits were \$1,041,197. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The General Purpose Financial Statements*

*For The Year Ended December 31, 2000*

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**Note 15 - Contractual Commitments**

At December 31, 2000, the District's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Painting, Resurfacing	\$1,667,561	\$1,100,841	\$566,720
Golf Course Improvements	188,264	91,302	96,962
Euclid Creek Park Improvements	385,560	135,228	250,332
Bedford Viaduct Park Improvement	51,260	6,836	44,424
Garfield Park Improvements	159,089	106,316	52,773
Mill Stream Park Improvements	529,478	344,264	185,214
Rocky River Park Marina Improvements	4,870,551	4,837,542	33,009
Ohio/Erie Canal Park Improvements	2,842,013	2,721,698	120,315
Zoo Expansion and Improvements	11,018,490	10,687,078	331,412
Total	<u>\$21,712,266</u>	<u>\$20,031,105</u>	<u>\$1,681,161</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Board of Park Commissioners  
Cleveland Metropolitan Park District  
Cuyahoga County  
4101 Fulton Parkway  
Cleveland, Ohio 44144

We have audited the financial statements of the Cleveland Metropolitan Park District (the Park District) as of and for the year ended December 31, 2000, and have issued our report thereon dated July 20, 2001 in which we noted a restatement of the beginning compensated absences balance in the general long-term obligation account group. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Cleveland Metropolitan Park District in a separate letter dated July 20, 2001.

Cleveland Metropolitan Park District  
Cuyahoga County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CLEVELAND METROPOLITAN PARK DISTRICT**

**CUYAHOGA 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  
SEPTEMBER 11, 2001**