



**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002



**Auditor of State
Betty Montgomery**

**LORIAN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Lorain County Metropolitan Park District
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Lorain County Metropolitan Park District, Lorain County, Ohio (the Park District) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Park District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Park District as of December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2004, 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 audits.

This report is intended solely for the information and use of management, the Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

February 13, 2004

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002**

	<u>2003</u>	<u>2002</u>
Cash Receipts:		
Taxes	\$ 3,808,807	\$ 3,703,541
Intergovernmental	676,963	796,499
Licenses, Permits, and Fees	740,320	715,863
Donations and Gifts	79,303	1,218,135
Earnings on Investments	74,311	89,736
Other Revenue	373,822	441,596
	<u>5,753,526</u>	<u>6,965,370</u>
Total Cash Receipts		
	<u>5,753,526</u>	<u>6,965,370</u>
Cash Disbursements:		
Current:		
Salaries and Benefits	2,781,156	2,553,275
Materials	247,455	242,119
Supplies	63,087	62,950
Equipment	192,479	165,314
Programs	63,685	71,137
Contracted Services	370,865	366,032
Travel Expenses	18,433	20,015
Advertising	127,486	129,303
Grants	82,832	164,031
Projects	63,217	84,289
Repairs	19,677	18,232
Rentals	2,158	2,554
Other Expenses	200,563	158,498
Land Acquisition	182,824	284,706
Aquatic Center	-	2,222,247
Capital Improvements	1,263,930	3,244,789
	<u>5,679,847</u>	<u>9,789,491</u>
Total Cash Disbursements		
	<u>5,679,847</u>	<u>9,789,491</u>
Total Receipts Over/(Under) Disbursements	73,679	(2,824,121)
Other Financing Receipts:		
Other Sources	55,898	759,147
	<u>55,898</u>	<u>759,147</u>
Total Other Financing Receipts		
	<u>55,898</u>	<u>759,147</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	129,577	(2,064,974)
Fund Cash Balances, January 1	3,979,740	6,044,714
	<u>3,979,740</u>	<u>6,044,714</u>
Fund Cash Balances, December 31	<u>\$ 4,109,317</u>	<u>\$ 3,979,740</u>

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

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**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lorain County Metropolitan Park District, Lorain County, Ohio (the Park District) was created by action of the Probate Court of Lorain County in 1957 under authority of Chapter 1545 of the Ohio Revised Code. The Park District is a separate subdivision of the State of Ohio and as such is not subservient to any local form of government such as a county or municipality. The Park District's operations include various leisure time activities, a golf course, an aquatic center, and naturalist departments.

The Park District is governed by a three-member Board of Commissioners. The Commissioners are appointed by the Judge of the Probate Court. One Commissioner is appointed each year and serves for a period of three years. Commissioners serve without compensation.

The Board meets regularly once a month and at such other times when the press of business dictates. The Board establishes policy and grants approval on all land acquisition, park development, and park use and operations. Expenditure of funds can only be made upon the approval of the Board.

The Director-Secretary is the chief executive officer of the Lorain County Metropolitan Park District. The Director-Secretary is appointed by the Board of Park Commissioners and is responsible for executing the policy of the Park District's Board. The Director-Secretary is authorized to establish administrative procedures as necessary to execute the policy of the Board.

The Park District's management believes these financial statements present all activities for which the Park District is financially accountable.

Component units are legally separate organizations for which the Park District is financially accountable. Component units may also include organizations that are fiscally dependent on the Park District in that the Park District approves their budget, the issuance of their debt or the levying of their taxes. The Park District has no component units.

The following entities, which perform activities within the Park District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the Park District is not financially accountable for these entities nor are they fiscally dependent on the Park District:

The Friends of the Metro Parks in Lorain County, Inc., (the Friends Corporation) is a federal tax-exempt, not for profit organization under Section 501 (a) of the Internal Revenue Code (the Code) and an organization described in Section 501 (c)(3) of the Code. This corporation was organized for charitable, educational and scientific purposes, including making distributions to organizations that qualify as exempt organizations under Section 501 (c) (3) of the Code. In addition, they were organized to maintain an association of persons interested in the Lorain County Metropolitan Park District; to focus public attention on Park District uses and benefits; to cooperate and assist the Board of Park Commissioners and staff in developing, improving, and expanding and preserving the Park District; to promote and conduct activities to enhance park lands under the jurisdiction; to receive and encourage gifts, endowments, and bequests to support the Park District; and to acquire land.

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The corporation is governed by a board of trustees consisting of eleven members elected from the general membership. In addition, the Director-Secretary of the Lorain County Metropolitan Park District appoints a staff member to participate as a non-voting member of the board of trustees. The corporation can borrow money, issue, sell, and pledge its notes, bonds or other evidences of indebtedness; and secure its obligations by mortgage, pledge or deed of trust by authority and action of its board of trustees.

The Park District received \$16,258 during the fiscal period January 1, through December 31, 2002 and \$22,000 during the fiscal period January 1, through December 31, 2003 from the Friends Corporation. The total cash assets (unaudited) of the Friends of the Lorain Metro Parks in Lorain County, Inc., at December 31, 2003 were \$12,029. Financial Statements can be obtained from Mr. Al Leighty, Treasurer, 6309 State Route 18, New London, Ohio 44851.

North Coast Regional Council of Park Districts was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The North Coast Regional Council of Park Districts (the Council) was formed in part to designate sites within the jurisdiction of the members of the council to be acquired, improved, restored, enhanced, administered and/or preserved with funds received under the In Lieu Fee Agreement (ILFA). The ILFA allows the development of certain wetlands provided the developers contribute certain sums of money which are then used as described above. The Council is a jointly governed organization which currently includes four members. Each member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners. The Park District made no contributions to the Council during 2003 or 2002. Financial statements can be obtained from Denise Gfell, Treasurer, at 12882 Diagonal Road LaGrange, Ohio 44050.

The Lorain County Metro Park Endowment Fund of the Community Foundation of Greater Lorain County was created to benefit and assist the endeavors of the Lorain County Metropolitan Park District, including but not limited to the general public and statutory purposes of the preservation and conservation of the environment and all natural resources within the jurisdiction of the Metropolitan Park District. This fund was created November 18th 1993 by agreement of both parties. The Community Foundation of Greater Lorain County (the Foundation) is made up of over 200 separate funds each one created for its specific purpose. The Foundation was organized under Section 501 (c) (3) of the Internal Revenue Code. The Park District received \$1,094 in 2003 and no distribution in 2002. The fund balance as of December 31, 2003 was \$366,884. Audited financial statements can be obtained from Cheryl McKenna, Chief Financial/Administrative Officer of the CFGLC at 1865 North Ridge Road East, Suite A Lorain, Ohio 44055.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Park District uses fund accounting to segregate cash that is restricted as to use. The only fund type the Park District has is the General Fund. The General Fund is the general operating fund and it is used to account for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires that the General Fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control for the General Fund, and appropriations may not exceed estimated resources. The Board of Park Commissioners must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Park District uses.

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(CONTINUED)**

2. EQUITY IN POOLED CASH

The Park District maintains a cash pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$606,810	\$2,273,630
Certificates of deposit	3,502,507	1,706,110
Total deposits	\$4,109,317	\$3,979,740

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,016,671	\$ 5,809,424	\$ (1,207,247)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,676,278	\$ 5,679,847	\$ 3,996,431

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,545,358	\$ 7,724,517	\$ 179,159

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,590,072	\$ 9,789,491	\$ 3,800,581

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(CONTINUED)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Park District.

5. RETIREMENT SYSTEM

The Park District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participate as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5% and 10.1%, respectively, of their gross salaries. The Park District contributed an amount equal to 13.55% and 16.7% of the participants' gross salaries. The Park District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Park District has obtained commercial insurance for the following risks:

- 7 Comprehensive property and general liability
- 7 Vehicles
- 7 Electronic data processing
- 7 Errors and omissions
- 7 Police professional liability

7. RELATED PARTY TRANSACTIONS

In the fiscal years ended December 31, 2003 and December 31, 2002, the Park District was reimbursed by the North Coast Regional Council of Park Districts (the Council) for contract services and advertising costs originally paid by the Park District but were expenses for the Council. The amounts paid by the North Coast Regional Council of Park Districts for 2003 and 2002 were \$749 and \$690,996, respectively. These receipts are reflected as other sources in the accompanying financial statements.

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Auditor of State Betty Montgomery

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

Lorain County Metropolitan Park District
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Board of Park Commissioners:

We have audited the financial statements of the Lorain County Metropolitan Park District, Lorain County, Ohio, (the Park District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated February 13, 2004. We conducted our audits 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 audits 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 audits, 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 management of the Park District in a separate letter dated February 13, 2004.

This report is intended solely for the information and use of 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.

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

Betty Montgomery
Auditor of State

February 13, 2004



**Auditor of State
Betty Montgomery**

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LORAIN COUNTY METROPOLITAN PARK DISTRICT

LORAIN 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
MARCH 4, 2004**