

METRO PARKS,  
SERVING SUMMIT COUNTY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004





**Auditor of State  
Betty Montgomery**

Board of Park Commissioners  
Metro Parks, Serving Summit County  
975 Treaty Line Road  
Akron, Ohio 44313

We have reviewed the *Independent Auditor's Report* of the Metro Parks, Serving Summit County, Summit County, prepared by Brott Mardis & Co., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Metro Parks, Serving Summit County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 8, 2006

**This Page is Intentionally Left Blank.**

**METRO PARKS, SERVING SUMMIT COUNTY  
SUMMIT COUNTY**

**Table of Contents**

TITLE	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – General Fund For the Years Ended December 31, 2005 and 2004	3
Notes to the Financial Statements	4-8
SUPPLEMENTAL DATA	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF IFNANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9-10



## BROTT MARDIS & CO.

Certified Public Accountants

222 South Main Street, Suite 210, Akron, Ohio 44308-1538  
tel: 330-762-5022 fax: 330-762-2727 www.brottmardis.com

### INDEPENDENT AUDITOR'S REPORT

Board of Park Commissioners  
Metro Parks, Serving Summit County  
975 Treaty Line Road  
Akron, Ohio 44313

We have audited the accompanying statements of cash receipts, cash disbursements and changes in fund cash balances – general fund of the Metro Parks, Serving Summit County (the Park District) as of and for the years ended December 31, 2005 and 2004. 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 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 audits provide a reasonable basis for our opinions.

As discussed 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 accounting principles generally accepted in the United States of America.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Metro Parks, Serving Summit County as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also in our opinion the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Metro Parks, Serving Summit County as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2006 on our consideration of the Park District's internal control over financial reporting and our test 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.

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

*Brott Maudis & Co.*

Certified Public Accountants  
March 31, 2006

**METRO PARKS, SERVING SUMMIT COUNTY  
SUMMIT COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
<b>Cash Receipts:</b>		
Taxes	\$ 7,951,270	\$ 7,851,913
Intergovernmental	1,300,012	1,156,708
Investment Income	33,454	15,452
Gifts and Donations	6,960	27,823
Aquatic Fees	256,668	158,942
Pavilion, Shelter and Property Rentals	163,450	163,635
Other	112,723	66,927
<b>Total Cash Receipts</b>	<b>9,824,537</b>	<b>9,441,400</b>
<b>Cash Disbursements:</b>		
<b>Current:</b>		
Employee Wages and Benefits	5,183,423	5,095,262
Supplies, Materials and Services	2,963,355	3,140,712
<b>Capital Outlay:</b>		
Equipment	349,452	326,641
Development	1,034,439	1,652,775
Land Purchase	61,736	284,976
<b>Total Cash Disbursements</b>	<b>9,592,405</b>	<b>10,500,366</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>232,132</b>	<b>(1,058,966)</b>
<b>Fund Cash Balances, January 1</b>	<b>878,937</b>	<b>1,937,903</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,111,069</b>	<b>\$ 878,937</b>

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

**METRO PARKS, SERVING SUMMIT COUNTY**  
**SUMMIT COUNTY**

---

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2005 AND 2004**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

The Metro Parks, Serving Summit County, Summit County, Ohio, (the Park District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Park District is directed by a three-member Board of Commissioners appointed by the probate judge of Summit County. The Park District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

B. **Component Unit**

Component units are legally separate organizations for which the Park District is financially accountable. The Park District is financially accountable for an organization if the Park District appoints a voting majority of the organization's governing board and (1) the Park District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Park District is legally entitled to or can otherwise access the organization's resources; the Park District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Park District is obligated for the debt of the organization. The Park District is also financially accountable for any organizations for which the Park District approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Park District, are accessible to the Park District and are significant in amount to the Park District.

The Metro Parks Foundation (the Foundation) is a not-for-profit organization with a self-appointing board. The Park District is not financially accountable for the organization, nor does the Park District approve the budget or the issuance of debt of the organization. The Foundation is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Park District and to further the Park District's charitable purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A Board of Trustees consisting of five (5) interested persons residing in the State of Ohio manages the Foundation's affairs. During 2005 and 2004 three Commissioners served on the Foundation's Board.

The Foundation meets the criteria regarding component units stated in the last sentence of paragraph one of this footnote. According to the Auditor of State government agencies using the method of accounting described in item C below need not incorporate affiliated organizations within their government. Therefore, the Park District is not required to and has not included the Foundation within the reporting entity of the Park District. *(The Foundation's financial activities are not included in the Park District's basic financial statements as a blended component unit and represent 10.42% and 0.10% of receipts and disbursements, respectively, for the year ended December 31, 2005 and 0.13% and 0.11% of receipts and disbursements, respectively, for the year ended December 31, 2004.)*

C. 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 receipt and disbursement basis of accounting. Revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

D. Cash

As permitted by the Ohio Revised Code, the Summit County Fiscal Officer holds the Park District's cash as custodian for the Park District. The Park District's assets are held in the County's cash and investment pool, and are valued at the Fiscal Officer's reported carrying amount.

E. Fund Accounting

The Park District uses the General Fund as its general operating fund to account for all financial activity.

F. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level, and appropriations may not exceed estimated resources. Appropriations include current year appropriations plus encumbrances carried over from the prior year (if any). The Board of Park commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 2

G 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 in the accompanying financial statements.

H. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Park District.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004, was as follows:

Budgeted vs. Actual Receipts - 2005

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$9,774,273	\$10,968,340	\$1,194,067

Appropriated vs. Budgeted Expenditures - 2005

<u>Fund Type</u>	<u>Appropriated Expenditures</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
General	\$11,532,147	\$9,599,892	\$1,932,255

Budgeted vs. Actual Receipts - 2004

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$10,100,558	\$9,453,689	\$(646,869)

2 BUDGETARY ACTIVITY (Continued)

Appropriated vs. Budgeted Expenditures - 2004

<u>Fund Type</u>	<u>Appropriated Expenditures</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
General	\$13,976,404	\$10,512,037	\$3,464,367

3. 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 Equilization 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. Due to the deregulation of electric utilities, a new category of tax receipts, "Other Shared Taxes" was established by the Summit County Fiscal Office to offset the reduction in revenue.

Tangible personal property tax is assessed to 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.

4. RETIREMENT SYSTEM

The Park District's full-time 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 participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Regular members of OPERS contributed 8.5% of their gross salaries and Park Rangers contributed 10.1% of their gross salaries. The Park District contributed an amount equal to 13.55% of regular participants' gross salaries and 16.7% of Park Rangers' gross salaries. The Park District has paid all contributions required through December 31, 2005 and 2004.

5. RISK MANAGEMENT

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

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

6. RELATED PARTY TRANSACTION

The Park District receives in-kind donations in the form of office space for the resource management department from a Board member. The office space is temporary until permanent offices can be found for this department. The lease is on a month-to-month basis and has a value of \$600 per month.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

The Park District also has unbilled legal expenses totaling \$34,361 that are not reflected as a liability in the financial statements but are expected to be paid within one year.

**SUPPLEMENTAL DATA**



**BROTT MARDIS & CO.**

Certified Public Accountants

222 South Main Street, Suite 210, Akron, Ohio 44308-1538  
tel: 330-762-5022 fax: 330-762-2727 www.brottmardis.com

---

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Park Commissioners  
Metro Parks, Serving Summit County  
Summit County  
975 Treaty Line Road  
Akron, Ohio 44313

We have audited the financial statements of the Metro Parks, Serving Summit County (the Park District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 31, 2006, wherein we noted the Park District prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. The report on the financial statements in accordance with the basis of accounting prescribed or permitted by the Auditor of State was qualified because the financial activities of the blended component unit were not audited. Except as discussed in the preceding sentence, 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.

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 an opinion 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 reportable 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 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.

### Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Park District's management in a separate letter dated March 31, 2006.

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.



Certified Public Accountants  
March 31, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**METRO PARKS, SERVING SUMMIT COUNTY**

**SUMMIT 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  
DECEMBER 21, 2006**