ERIE COUNTY METROPARKS
ERIE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008

Mary Taylor, CPA
Auditor of State

ERIE METROPARKS
ERIE COUNTY

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Mary Taylor, CPA
Auditor of State

Erie MetroParks
Erie County
Maple Grove Center
3109 Hull Road
Huron, Ohio 44839-2165

To the Board of Park Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 22, 2009

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Erie MetroParks
Erie County
Maple Grove Center
3109 Hull Road
Huron, Ohio 44839-2165

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Erie MetroParks, Erie County, (the MetroPark) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the MetroPark'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to reasonably assure 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 our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the MetroPark has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the MetroPark's larger (i.e. major) funds separately. While the MetroPark does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require MetroParks to reformat their statements. The MetroPark has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the MetroPark as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Erie MetroParks, Erie County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The MetroPark has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2009, on our consideration of the MetroPark's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 22, 2009

ERIE METROPARKS
ERIE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2008

	All Fund Types			
	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts:				
General Property Tax	$989,467			$989,467
Intergovernmental	316,995			316,995
Investment Income	18,616	$854		19,470
Gifts and Donations	40,102	21,926		62,028
Fees	27,695			27,695
Sales	4,646			4,646
Rentals and Leases	49,546			49,546
Other Receipts	8,402			8,402
Total Cash Receipts	1,455,469	22,780		1,478,249
Cash Disbursements:				
Current Disbursements:				
Salaries - Employees	849,098			849,098
Supplies	81,993			81,993
Materials	43,195			43,195
Equipment	68,231			68,231
Contracts - Repair	5,359			5,359
Contracts - Services	144,039			144,039
Grants	40,102			40,102
Rentals	20			20
Advertising and Printing	6,916			6,916
Travel	10,657			10,657
Ohio Public Employee's Retirement	112,179			112,179
Workers' Compensation	16,213			16,213
Unemployment Compensation	934			934
Program Expenditures	1,977			1,977
Utilities	43,418			43,418
Other	69,382	25,189		94,571
Debt Service:				
Redemption of Principal			$15,500	15,500
Interest and Other Fiscal Charges			814	814
Total Cash Disbursements	1,493,713	25,189	16,314	1,535,216
Total Receipts Under Disbursements	(38,244)	(2,409)	(16,314)	(56,967)
Other Financing Receipts / (Disbursements):				
Transfers-In			16,314	16,314
Transfers-Out	(16,314)			(16,314)
Other Financing Sources	30,643			30,643
Total Other Financing Receipts / (Disbursements)	14,329		$16,314	30,643
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(23,915)	(2,409)		(26,324)
Fund Cash Balances, January 1	507,764	27,039		534,803
Fund Cash Balances, December 31	$483,849	$24,630		$508,479

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

ERIE METROPARKS
ERIE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2007

	All Fund Types			
	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts:				
General Property Tax	$1,070,728			$1,070,728
Intergovernmental	$248,883	$807,544		1,056,427
Investment Income	$27,898	$1,934		29,832
Gifts and Donations	25,160	15,423		40,583
Fees	20,785			20,785
Sales	980			980
Rentals and Leases	37,987			37,987
Other Receipts	4,148			4,148
Total Cash Receipts	1,436,569	824,901		2,261,470
Cash Disbursements:				
Current Disbursements:				
Salaries - Employees	779,027			779,027
Supplies	73,353			73,353
Materials	75,735			75,735
Equipment	62,779			62,779
Contracts - Repair	4,957			4,957
Contracts - Services	139,441			139,441
Grants	20,160			20,160
Rentals	1			1
Advertising and Printing	5,353			5,353
Travel	2,640			2,640
Ohio Public Employee's Retirement	95,502			95,502
Workers' Compensation	10,834			10,834
Unemployment Compensation	15,473			15,473
Program Expenditures	41,974			41,974
Utilities	42,603			42,603
Other		835,828		835,828
Debt Service:				
Redemption of Principal			$15,500	15,500
Interest and Other Fiscal Charges			1,628	1,628
Total Cash Disbursements	1,369,832	835,828	17,128	2,222,788
Total Receipts Over/(Under) Disbursements	66,737	(10,927)	(17,128)	38,682
Other Financing Receipts / (Disbursements):				
Transfers-In			17,128	17,128
Transfers-Out	(17,128)			(17,128)
Other Financing Sources	42,545			42,545
Total Other Financing Receipts / (Disbursements)	25,417		$17,128	42,545
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	92,154	(10,927)		81,227
Fund Cash Balances, January 1	415,610	37,966		453,576
Fund Cash Balances, December 31	$507,764	$27,039		$534,803

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Erie MetroParks, Erie County, (the MetroPark) as a body corporate and politic. The probate judge of Erie County appoints a three-member Board of Commissioners to govern the MetroPark. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

The MetroPark participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The MetroPark recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposit and Investments

As the Ohio Revised Code permits, the Erie County Treasurer holds the MetroPark's deposits as the MetroPark's custodian. The County holds the MetroPark's assets in its investment pool, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The MetroPark uses fund accounting to segregate cash and investments that are restricted as to use. The MetroPark classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The MetroPark had the following significant Special Revenue Funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Grant Fund – This fund receives on-behalf payments from the federal government for the acquisition of land.

State Grant Fund – This fund receives grant funds from the Ohio Public Work Commission to be used as the matching funds for federal grant funds for the acquisition of land.

3. Debt Service Fund

This fund accounts for resources the MetroPark accumulates to pay bond debt. The MetroPark had the following significant Debt Service Fund:

General Bond Retirement Fund – This fund receives transfers from the General Fund to make the annual payment of principal and interest due on the Park Acquisition Bonds.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board 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 MetroPark 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 2008 and 2007 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The MetroPark records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,332,556	$1,486,112	$153,556
Special Revenue	6,000	22,780	16,780
Debt Service	16,314	16,314	
Total	$1,354,870	$1,525,206	$170,336

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$1,840,339	$1,510,027	$330,312
Special Revenue	33,038	25,189	7,849
Debt Service	16,314	16,314	
Total	$1,889,691	$1,551,530	$338,161

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,343,177	$1,479,114	$135,937
Special Revenue	813,544	824,901	11,357
Debt Service	22,941	17,128	(5,813)
Total	$2,179,662	$2,321,143	$141,481

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$1,758,802	$1,386,960	$371,842
Special Revenue	851,508	835,828	15,680
Debt Service	17,128	17,128	
Total	$2,627,438	$2,239,916	$387,522

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 County.

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 MetroPark.

4. RETIREMENT SYSTEM

The MetroPark's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the MetroPark contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The MetroPark has paid all contributions required through December 31, 2008.

5. RISK MANAGEMENT

The MetroPark is exposed to various risks of property and casualty losses, and injuries to employees.

The MetroPark insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The MetroPark belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is amember of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to $250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding $250,000, up to $1,750,000 per claim and $10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to $350,000 per occurrence. Claims exceeding $350,000 are reinsured with APEEP in an amount not to exceed $2,650,000 for each claim and $10,000,000 in the aggregate per year. Governments can elect up to $10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to $5,000,000 per year, subject to a per-claim limit of $2,000,000 (prior to January 1, 2006) or $3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding $250,000 up to $600 million per occurrence. This amount was increased to $300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding $100,000 up to $300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding $100,000 up to $250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between $100,000 and $250,000 in 2006, or $100,000 and $300,000 in 2007, Travelers will then reinsure specific losses exceeding $100,000 up to their $600 million per occurrence limit. The aggregate stop-loss limit for 2007 was $2,014,548.

5. RISK MANAGEMENT (Continued)

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	2007	2006
Assets	$37,560,071	$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	$20,219,246	$19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately $15.9 million and $15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately $15.0 million and $14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The MetroPark's share of these unpaid claims collectible in future years is approximately $42,000. This payable includes the subsequent year's contribution due if the MetroPark terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2006	$38,149
2007	37,979
2008	36,755

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. CONTINGENT LIABILITIES

The MetroPark is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, counsel believes the resolution of these matters will not materially adversely affect the MetroParks's financial condition.

6. CONTINGENT LIABILITIES - (Continued)

Amounts grantor agencies pay to the MetroPark are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

7. SUBSEQUENT EVENT

Effective January 1, 2009 the MetroPark ended the fiscal agent relationship with Erie County and began performing these functions in-house.

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Erie MetroParks
Erie County
Maple Grove Center
3109 Hull Road
Huron, Ohio 44839-2165

To the Board of Park Commissioners:

We have audited the financial statements of the Erie MetroParks, Erie County, (the MetroPark) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 22, 2009, wherein we noted the MetroPark followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the MetroPark's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the MetroPark's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the MetroPark's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the MetroPark's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the MetroPark's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the MetroPark's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the MetroPark's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 22, 2009

Mary Taylor, CPA
Auditor of State

ERIE METROPARKS

ERIE 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
JUNE 18, 2009

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