METROPOLITAN PARK DISTRICT
OF TOLEDO AREA
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2008

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

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LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Metropolitan Park District of the Toledo Area
Lucas County
5100 West Central Avenue
Toledo, Ohio 43615-2100

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), as of and for the year ended December 31, 2008 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinions.

As discussed in Note 2, the District changed its method of accounting to Generally Accepted Accounting Principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Land Acquisition Levy funds 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 June 15, 2010, on our consideration of the District'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 audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2010

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2008

The discussion and analysis of Metropolitan Park District of the Toledo Area's (the District) financial performance provides an over all review of the District's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets increased $9,815,379. Net assets of governmental activities increased $9,820,956, which represents a 16.3% increase from 2007. Net assets of business-type activities decreased $5,577 from 2007.
- General revenues accounted for $14,596,227 in revenue or 59.6% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $9,880,039 or 40.4% of total revenues of $24,476,266.
- The District had $14,410,863 in expenses related to governmental activities; only $9,691,699 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted intergovernmental revenues) of $14,596,227 were adequate to provide for these programs.
- Among major funds, the general fund had $12,082,778 in revenues and other financing sources and $13,025,103 in expenditures and other financing uses. The general fund's fund balance decreased $942,325 to $5,935,236 for 2008. The net increase of all governmental funds was $278,047.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis and* the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating.

- To assess the overall health of the District you need to consider additional nonfinancial factors such as the District's tax base and the condition of the District's capital assets

The government-wide financial statements of the District are divided into two categories:

- *Governmental Activities* – Most of the District's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

- *Business-type activity* - The District has one business-type activity, retail operations. This fund was established by the District in 2005**.** This includes the District's retail operations at the Wildwood Farmhouse and the Providence General Store.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Government-Wide Financial Analysis

The following table provides a comparison of the District's net assets between December 31, 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$26,766,992	$23,060,342	$667	$5,946	$26,767,659	$23,066,288
Capital assets, Net	58,219,122	48,711,612	0	0	58,219,122	48,711,612
Total assets	84,986,114	71,771,954	667	5,946	84,986,781	71,777,900
Long-term debt outstanding	895,547	891,093	0	0	895,547	891,093
Other liabilities	13,943,593	10,554,843	4,078	3,780	13,947,671	10,558,623
Total liabilities	14,839,140	11,445,936	4,078	3,780	14,843,218	11,449,716
Net assets						
Invested in capital assets, net of related debt	58,219,122	48,662,908	0	0	58,219,122	48,662,908
Restricted	3,325,568	3,137,698	0	0	3,325,568	3,137,698
Unrestricted	8,602,284	8,525,412	(3,411)	2,166	8,598,873	8,527,578
Total net assets	$70,146,974	$60,326,018	($3,411)	$2,166	$70,143,563	$60,328,184

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2008

Changes in Net Assets – The following table provides a comparison of the changes in net assets for fiscal year 2008 and 2007:

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for Services and Sales	$436,328	$513,540	$188,340	$265,770	$624,668	$779,310
Operating Grants and Contributions	637,604	96,907	0	0	637,604	96,907
Capital Grants and Contributions	8,617,767	1,380,572	0	0	8,617,767	1,380,572
General revenues:						
Property Taxes	9,814,675	9,971,458	0	0	9,814,675	9,971,458
Shared Revenues	4,153,841	3,168,449	0	0	4,153,841	3,168,449
Investment Earnings	248,016	743,561	0	0	248,016	743,561
Miscellaneous	379,695	263,224	0	0	379,695	263,224
Transfers	(56,107)	(126,000)	56,107	126,000	0	0
Total revenues	24,231,819	16,011,711	244,447	391,770	24,476,266	16,403,481
Program Expenses						
Parks and Recreation	14,405,891	12,559,004	0	0	14,405,891	12,559,004
Debt Service:						
Interest and Fiscal Charges	4,972	79,023	0	0	4,972	79,023
Retail Operations Fund	0	0	250,024	374,126	250,024	374,126
Total expenses	14,410,863	12,638,027	250,024	374,126	14,660,887	13,012,153
Total Change in Net Assets	9,820,956	3,373,684	(5,577)	17,644	9,815,379	3,391,328
Beginning Net Assets	60,326,018	56,952,334	2,166	(15,478)	60,328,184	56,936,856
Ending Net Assets	$70,146,974	$60,326,018	($3,411)	$2,166	$70,143,563	$60,328,184

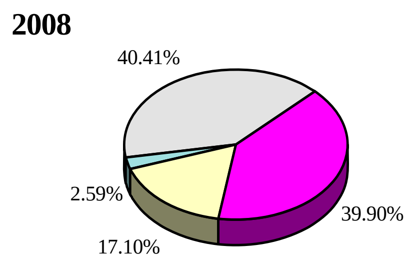
Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2008

Governmental Activities

Net assets of governmental activities increased $9,820,956 or 16.3% during 2008. The main reason for this increase can be attributed almost exclusively to the acquisition of capital assets in the amount of $10.1 million.

Property taxes made up 40.41% of revenues for governmental activities for the District in fiscal year 2008. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2008	Percent of Total
Property Taxes	$9,814,675	40.41%
Program Revenues	9,691,699	39.90%
Intergovernmental	4,153,841	17.10%
General Other	627,711	2.59%
Total Revenue	$24,287,926	100.00%



The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2008 the District amended its General Fund budget several times.

For the General Fund, the final budget basis revenue of $12,959,601 increased 2.6% when compared to original budget estimates. Total actual revenue and other financing sources were 4.9% below final budget estimates. Final budget basis expenditures and other financing uses increased 2.5% when compared to original budget figures. Total actual expenditure and other financing uses were 8.4% above final budgeted figures.

Business-Type Activities

The Retail Operations Fund was established in 2005 to separately account for retail operations activity that was previously accounted for in the General Fund. In 2008, the revenues of the retail operations fell short of the expenses associated with running the two retail outlets. Transfers in of $56,107 helped to offset most of the loss.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the City had $58,219,122 net of accumulated depreciation invested in land, antiques and art, buildings, land improvements, machinery and equipment and infrastructure. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	$46,632,149	$37,867,659	$8,764,490
Antiques and Art	553,061	553,061	0
Land Improvements	7,590,180	7,590,180	0
Buildings	13,724,775	12,781,413	943,362
Machinery and Equipment	2,874,781	3,069,182	(194,401)
Infrastructure	3,638,200	3,638,200	0
Less: Accumulated Depreciation	(16,794,024)	(16,788,083)	(5,941)
Totals	$58,219,122	$48,711,612	$9,507,510

The primary increases occurred in land and buildings due to various property acquisitions in 2008.

Additional information on the District's capital assets can be found in Note 8.

Debt

At December 31, 2008, the District had $895,547 in noncurrent liabilities, $534,767 due within one year. The following table summarizes the District's noncurrent liabilities outstanding as of December 31, 2008 and 2007:

	2008	2007
Governmental Activities:		
Compensated Absences	$895,547	$842,389
Capital Leases Payable	0	48,704
Total Governmental Activities	$895,547	$891,093

ECONOMIC FACTORS

The Metropolitan Park District of the Toledo Area 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 receives the majority of its funding from property taxes, state and federal grants and charges for services (program fees). The District employs 77 full time, 46 part-time, and 52 seasonal/intern employees. The Board periodically reviews park fees to help offset the costs of park operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carla Y. Westbrook, Director of Finance/Treasurer, Metropolitan Park District of the Toledo Area, 5100 W. Central Avenue, Toledo, Ohio 43615-2100.

METROPARKS
TOLEDO AREA
Your Clean, Safe, Natural Places To Be

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Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 9,702,714	$ 667	$ 9,703,381
Receivables:			
Taxes	14,381,931	0	14,381,931
Accounts	1,000	0	1,000
Intergovernmental	2,681,347	0	2,681,347
Non-Depreciable Capital Assets	47,185,210	0	47,185,210
Depreciable Capital Assets, Net	11,033,912	0	11,033,912
Total Assets	84,986,114	667	84,986,781
Liabilities:			
Accounts Payable	316,277	0	316,277
Accrued Wages and Benefits Payable	143,129	2,531	145,660
Intergovernmental Payable	94,235	1,547	95,782
Unearned Revenue	13,389,952	0	13,389,952
Noncurrent liabilities:			
Due within one year	534,767	0	534,767
Due in more than one year	360,780	0	360,780
Total Liabilities	14,839,140	4,078	14,843,218
Net Assets:			
Invested in Capital Assets, Net of Related Debt	58,219,122	0	58,219,122
Restricted For:			
Capital Projects	379,623	0	379,623
Other Purposes	2,945,945	0	2,945,945
Unrestricted (Deficit)	8,602,284	(3,411)	8,598,873
Total Net Assets	$ 70,146,974	$ (3,411)	$ 70,143,563

See accompanying notes to the basic financial statements

Statement Of Activities
For The Year Ended December 31, 2008

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Parks and Recreation	$ 14,405,891	$ 436,328	$ 637,604	$ 8,617,767
Interest and Fiscal Charges	4,972	0	0	0
Total Governmental Activities	14,410,863	436,328	637,604	8,617,767
Business-Type Activities:				
Retail Operations	250,024	188,340	0	0
Total Business-Type Activities	250,024	188,340	0	0
Totals	$ 14,660,887	$ 624,668	$ 637,604	$ 8,617,767

General Revenues:
Property Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (4,714,192)	$ 0	$ (4,714,192)
(4,972)	0	(4,972)
(4,719,164)	0	(4,719,164)
0	(61,684)	(61,684)
0	(61,684)	(61,684)
(4,719,164)	(61,684)	(4,780,848)
9,814,675	0	9,814,675
4,153,841	0	4,153,841
248,016	0	248,016
379,695	0	379,695
(56,107)	56,107	0
14,540,120	56,107	14,596,227
9,820,956	(5,577)	9,815,379
60,326,018	2,166	60,328,184
$ 70,146,974	$ (3,411)	$ 70,143,563

Balance Sheet
Governmental Funds
December 31, 2008

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 5,183,605	$ 696,427	$ 3,822,682	$ 9,702,714
Receivables:				
Property Taxes	12,280,096	2,101,835	0	14,381,931
Accounts	0	0	1,000	1,000
Intergovernmental	876,308	1,633,665	171,374	2,681,347
Advance to Other Funds	1,367,773	0	0	1,367,773
Total Assets	$ 19,707,782	$ 4,431,927	$ 3,995,056	$ 28,134,765
Liabilities:				
Accounts Payable	$ 300,641	$ 8,219	$ 7,417	$ 316,277
Accrued Wages and Benefits Payable	142,390	87	652	143,129
Intergovernmental Payable	93,228	736	271	94,235
Deferred Revenue	13,236,287	3,243,304	0	16,479,591
Advances from Other Funds	0	1,200,000	167,773	1,367,773
Total Liabilities	13,772,546	4,452,346	176,113	18,401,005
Fund Balances:				
Reserved for Encumbrances	1,447,478	74,988	140,194	1,662,660
Undesignated,Unreserved in:				
General Fund	4,487,758	0	0	4,487,758
Special Revenue Funds	0	(95,407)	3,430,998	3,335,591
Capital Projects Funds	0	0	247,751	247,751
Total Fund Balances	5,935,236	(20,419)	3,818,943	9,733,760
Total Liabilities and Fund Balances	$ 19,707,782	$ 4,431,927	$ 3,995,056	$ 28,134,765

See accompanying notes to the basic financial statements

Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2008

Total Governmental Fund Balances	$ 9,733,760
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	58,219,122
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,089,639
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences Payable	(895,547)
Net Assets of Governmental Funds	$ 70,146,974

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$ 7,752,972	$ 1,959,248	$ 0	$ 9,712,220
Intergovernmental Revenues	3,146,448	915,263	0	4,061,711
Grants	360,240	8,010,331	666,247	9,036,818
Fines and Forfeitures	4,533	0	4,131	8,664
Charges for Services	36,188	0	218	36,406
Sales	17,223	0	0	17,223
Fees	286,019	0	88,016	374,035
Donations	2,025	10,000	206,528	218,553
Investment Earnings	260,450	11,939	130,359	402,748
All Other Revenue	216,680	63,197	133,202	413,079
Total Revenue	12,082,778	10,969,978	1,228,701	24,281,457
Expenditures:				
Current:				
Parks and Recreation	12,543,996	10,070,404	1,332,903	23,947,303
Total Expenditures	12,543,996	10,070,404	1,332,903	23,947,303
Excess (Deficiency) of Revenues Over Expenditures	(461,218)	899,574	(104,202)	334,154
Other Financing Sources (Uses):				
Transfers In	0	0	425,000	425,000
Transfers Out	(481,107)	0	0	(481,107)
Total Other Financing Sources (Uses)	(481,107)	0	425,000	(56,107)
Net Change in Fund Balance	(942,325)	899,574	320,798	278,047
Fund Balances at Beginning of Year	6,877,561	(919,993)	3,498,145	9,455,713
Fund Balances End of Year	$ 5,935,236	$ (20,419)	$ 3,818,943	$ 9,733,760

See accompanying notes to the basic financial statements

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended December 31, 2008

Net Change in Fund Balances - Total Governmental Funds	$	278,047
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation.		9,540,894
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.		(33,384)
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		39,853
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(4,454)
Change in Net Assets of Governmental Activities	$	9,820,956

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 8,358,117	$ 8,358,117	$ 7,752,972	$ (605,145)
Intergovernmental Revenue	3,001,814	3,001,814	3,146,448	144,634
Grants	325,029	535,254	360,240	(175,014)
Fines and Forfeitures	0	15,000	5,179	(9,821)
Charges for Services	102,679	102,679	36,188	(66,491)
Sales	18,970	21,470	18,251	(3,219)
Fees	297,688	304,438	314,628	10,190
Donations	0	0	2,025	2,025
Investment Earnings	264,743	264,743	260,450	(4,293)
All Other Revenue	117,174	113,008	6,472	(106,536)
Total Revenues	12,486,214	12,716,523	11,902,853	(813,670)
Expenditures:				
Current:				
Parks and Recreation	13,361,317	12,900,969	13,997,163	(1,096,194)
Total Expenditures	13,361,317	12,900,969	13,997,163	(1,096,194)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(875,103)	(184,446)	(2,094,310)	(1,909,864)
Other Financing Sources (Uses):				
Refunds and Reimbursements	138,334	92,579	90,981	(1,598)
Sale of Capital Assets	0	148,941	115,331	(33,610)
Transfers Out	0	(800,252)	(481,107)	319,145
Advances In	0	0	207,479	207,479
Advances Out	0	0	(375,252)	(375,252)
Other Sources	2,328	1,558	3,896	2,338
Total Other Financing Sources (Uses):	140,662	(557,174)	(438,672)	118,502
Net Change in Fund Balance	(734,441)	(741,620)	(2,532,982)	(1,791,362)
Fund Balance at Beginning of Year	4,866,963	4,866,963	4,866,963	0
Prior Year Encumbrances	1,383,099	1,383,099	1,383,099	0
Fund Balance at End of Year	$ 5,515,621	$ 5,508,442	$ 3,717,080	$ (1,791,362)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Land Acquisition Levy Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 2,051,752	$ 2,051,752	$ 1,959,248	$ (92,504)
Intergovernmental Revenue	381,753	381,753	423,067	41,314
Grants	6,814,805	6,814,805	8,010,331	1,195,526
Donations	0	0	10,000	10,000
Investment Earnings	0	0	11,939	11,939
All Other Revenue	0	0	200	200
Total Revenues	9,248,310	9,248,310	10,414,785	1,166,475
Expenditures:				
Current:				
Parks and Recreation	9,677,381	10,079,107	10,142,851	(63,744)
Total Expenditures	9,677,381	10,079,107	10,142,851	(63,744)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,071)	(830,797)	271,934	1,102,731
Other Financing Sources (Uses):				
Refunds and Reimbursements	0	0	62,997	62,997
Total Other Financing Sources (Uses):	0	0	62,997	62,997
Net Change in Fund Balance	(429,071)	(830,797)	334,931	1,165,728
Fund Balance at Beginning of Year	82,694	82,694	82,694	0
Prior Year Encumbrances	203,814	203,814	203,814	0
Fund Balance at End of Year	$ (142,563)	$ (544,289)	$ 621,439	$ 1,165,728

See accompanying notes to the basic financial statements

Statement of Net Assets
Enterprise Fund
December 31, 2008

		Retail Operations
ASSETS:		
Current assets:		
Cash and Cash Equivalents	$	667
Total Assets		667
LIABILITIES:		
Current Liabilities:		
Accrued Wages and Benefits Payable		2,531
Intergovernmental Payable		1,547
Total Liabilities		4,078
NET ASSETS:		
Unrestricted		(3,411)
Total net assets	$	(3,411)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended December 31, 2008

	Retail Operations
Operating Revenues:	
Sales	$ 188,340
Total Operating Revenues	188,340
Operating Expenses:	
Personal Services	155,591
Contractual Services	7,410
Materials and Supplies	78,306
Other Operating Expenses	8,717
Total Operating Expenses	250,024
Loss Before Transfers and Contributions	(61,684)
Transfers In	56,107
Change in Net Assets	(5,577)
Net Assets Beginning of Year	2,166
Net Assets End of Year	$ (3,411)

See accompanying notes to the basic financial statements

Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2008

	Business-Type Activities Retail Operations
Cash Flows from Operating Activities:	
Cash Received from Customers	$188,340
Cash Payments for Goods and Services	(95,938)
Cash Payments to Employees	(153,788)
Net Cash Used by Operating Activities	(61,386)
Cash Flows from Noncapital Financing Activities:	
Transfers In From Other Funds	56,107
Net Cash Provided by Noncapital Financing Activities	56,107
Net Decrease in Cash and Cash Equivalents	(5,279)
Cash and Cash Equivalents at Beginning of Year	5,946
Cash and Cash Equivalents at End of Year	$667
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	($61,684)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Accounts Payable	(270)
Increase in Accrued Wages and Benefits	535
Increase in Intergovernmental Payable	33
Total Adjustments	298
Net Cash Used by Operating Activities	($61,386)

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. <u>Reporting Entity</u>

The Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Lucas County. The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure the financial statements are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The 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 Board of Park Commissioners appoints a Treasurer as fiscal agent for the District and custodian of all funds.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds **-** These are funds 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 (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund - The General Fund 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.

Land Acquisition Levy Fund - The Land Acquisition Levy Fund receives the proceeds of a .3 mil tax levy levied solely for the purposes of funding land acquisition and related costs.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund **-** The proprietary fund is accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Retail Operations Fund - The retail operations fund was established during 2005 to account for the retail operations at the Wildwood Farmhouse and the Providence General Store.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Fund – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's agency fund accounts for monies raised by various citizen groups for the support of District agendas. The agency fund is custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The agency fund has a zero balance at December 31, 2008.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The enterprise fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds are reported using the economic resources measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes interest on investments and grants and entitlements. Other revenue, including fines, fees, sales, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2008 but which are not intended to finance 2008 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, the proprietary fund and agency fund. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds, other than the agency fund, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the personal services and other expenditures level within each department within each fund. Budgetary modifications may only be made by resolution of the District Board.

1. Tax Budget

The District Treasurer submits an annual tax budget for the following fiscal year to the District Board of Commissioners by July 15 for consideration and passage. The adopted budget is 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.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by 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 do 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 measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 through December 31. The appropriation resolution establishes spending controls at object level within each fund, and may be modified during the year by resolution of the District Board of Commissioners. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the personal services and other expenditures level within each department within each fund. The allocation of appropriations within a fund may be modified with the approval of the District Board Commissioners. During 2008, several supplemental appropriations measures were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund and major special revenue funds are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balance

	General Fund	Land Acquisition Levy Fund
GAAP Basis (as reported)	($942,325)	$899,574
Increase (Decrease):		
Accrued Revenues at December 31, 2008 received during 2009	79,883	(492,196)
Accrued Revenues at December 31, 2007 received during 2008	(49,600)	0
Accrued Expenditures at December 31, 2008 paid during 2009	536,259	9,042
Accrued Expenditures at December 31, 2007 paid during 2008	(522,901)	(6,501)
2008 Advance Activity	(167,773)	0
Outstanding Encumbrances	(1,466,525)	(74,988)
Budget Basis	($2,532,982)	$334,931

F. Cash and Investments

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

Following Ohio statutes and Board Policy, interest is credited initially to the general fund and reallocated to all eligible funds on a quarterly basis. Interest receipts credited in 2008 was $402,748.

H. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Infrastructure capital assets (e.g., driveways, fencing, retaining walls and other assets that are immovable and of value only to the District) are capitalized if the cost or estimated historical cost to purchase or construct equals or exceeds $5,000. Governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets, other than land, antiques and art, and construction in progress, are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in Years)
Buildings	50
Land Improvements	20
Machinery and Equipment	8 - 20
Infrastructure	50

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
Capital Leases	General Fund
Compensated Absences	General Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Long-term interfund loans are classified as “advances to/from other funds.”

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbered amounts not accrued at year end.

P. 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 those estimates.

Q. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales charges generated through the sale of goods at one of the two District gift shops. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For the fiscal year ended December 31, 2008, the District has presented for the first time basic financial statement in compliance with Generally Accepted Accounting Principals. As a result of this change, the District's basis of accounting has changed from the cash basis to the modified accrual basis for the governmental funds, and to the accrual basis for proprietary funds. These accounting changes include recognition of revenue when measurable and available for governmental funds and when earned for proprietary funds and expenditures/expense when incurred.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)

A. Changes in Accounting Principles (Continued)

The change from the cash basis of accounting to the modified accrual basis of accounting (governmental funds) and accrual basis of accounting (proprietary funds) had the following affect on fund balances at December 31, 2007:

	Fund Balance Cash Basis of Accounting December 31, 2007	Adjustments to Reflect Change in Basis of Accounting	Restated Fund Balance December 31, 2007
Governmental Funds:			
General Fund	$6,250,062	$627,499	$6,877,561
Land Acquisition Levy Fund	286,508	(1,206,501)	(919,993)
Other Governmental Funds	3,505,210	(7,065)	3,498,145
Total Governmental Funds	10,041,780	(586,067)	9,455,713
Proprietary Fund:			
Retail Operations Fund	5,946	(3,780)	2,166
Total Proprietary Fund	5,946	(3,780)	2,166
Total All Funds	$10,047,726	($589,847)	$9,457,879

In addition, the District has implemented GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*"; GASB Statement No. 37, *"Basic Financial Statements for State and Local Governments: Omnibus"*; GASB Statement No. 38, *"Certain Financial Statement Note Disclosures"*; and GASB Interpretation No. 6, *"Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement."* At December 31, 2006, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2007 caused by the conversion to the accrual basis of accounting.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

B. Restatement of Fund Balance/Retained Earnings

The changes to the beginning fund balance, as well as the transition from fund balance to net assets of the governmental activities are as follows:

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Activities
Fund Balance December 31, 2007	$6,877,561	($919,993)	$3,498,145	$9,455,713
GASB 34 Adjustments:				
Capital Assets				48,711,612
Long-Term (Deferred) Assets				3,049,786
Long-Term Liabilities				(891,093)
Net Assets, December 31, 2007				$60,326,018

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit at December 31, 2008 of $20,419 in the Land Acquisition Levy Fund, (special revenue fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the budgetary/cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

B. **Budgetary Deficits**

The functional line item budgetary deficits at December 31, 2008 of $777,049 in the General Fund and of $63,744 in the Land Acquisition Levy Fund arose from the recording of encumbrances as expenditures. As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The deficits do not exist under the cash basis of accounting. Transfers are provided when cash is required, not when encumbrances are recorded. Appropriations exceeded estimated revenues in the Land Acquisition Levy Fund by $544,289.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. <u>Deposits</u>

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was $9,703,381 and the bank balance was $9,885,067. The Federal Deposit Insurance Corporation (FDIC) covered $250,316 of the bank balance and $9,634,751 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	$9,634,751
Total Balance	$9,634,751

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the County. Real property taxes (other than public utility) collected during 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

NOTE 5- PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Metropolitan Park District. The County Auditor periodically remits to the District its portion of the taxes collected.

The full tax rate for the District's operations for the year ended December 31, 2008 was $1.70 per $1,000 of assessed value. The assessed value upon which the 2008 property tax receipts were based was $9,179,276,286. This amount constitutes $8,656,759,040 in real property assessed value, $244,965,766 in tangible personal property assessed value and $277,551,480 in public utility property.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .17% (1.70 mills) of assessed value.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2008 consisted of taxes, accounts, intergovernmental and advance receivables. All receivables other than those offset by deferred revenues are considered collectable in full.

NOTE 7 - INTERFUND BALANCES

Following is a summary of advances to/from other funds at December 31, 2008:

Fund	Advances to Other Funds	Advances From Other Funds
General Fund	$1,367,773	$0
Land Acquisition Levy Fund	0	1,200,000
Other Governmental Funds	0	167,773
Totals	$1,367,773	$1,367,773

The advance was required due to land levy acquisition costs being authorized in advance of the revenue proceeds schedule. Funds are scheduled to be returned to the General Fund within the next two years.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2008:

Historical Cost: Class	December 31, 2007	Additions	Deletions	December 31, 2008
Capital assets not being depreciated:				
Land	$37,867,659	$8,764,490	$0	$46,632,149
Antiques and Art	553,061	0	0	553,061
Capital assets being depreciated:				
Buildings	12,781,413	943,362	0	13,724,775
Land Improvements	7,590,180	0	0	7,590,180
Infrastructure	3,638,200	0	0	3,638,200
Machinery and Equipment	3,069,182	352,227	(546,628)	2,874,781
Total Cost	$65,499,695	$10,060,079	($546,628)	$75,013,146

Accumulated Depreciation: Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	($6,773,310)	($220,081)	$0	($6,993,391)
Land Improvements	(7,417,608)	(69,431)	0	(7,487,039)
Infrastructure	(757,026)	(52,214)	0	(809,240)
Machinery and Equipment	(1,840,139)	(177,459)	513,244	(1,504,354)
Total Depreciation	($16,788,083)	($519,185)	$513,244	($16,794,024)
Net Value:	$48,711,612			$58,219,122

NOTE 9 – DEFINED BENEFIT PENSION PLAN

All of the District's full-time employees participate in a cost-sharing multiple employer defined benefit pension plan.

Plan Description - All employees of the District participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing, multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The CO Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plans. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The ORC provides statutory authority for employee and employer contributions. For 2008, the employee rate was 10.0% of covered payroll. The 2008 employer contribution rate for local government employer units was 14.0%, of covered payroll. Employer contribution rates are actuarially determined. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund the postemployment health care plan. For 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the District are established and may be amended by the OPERS Board.

The District's required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007, and 2006 were $427,589, $493,386 and $518,555, respectively, which were equal to the required contributions for each year. Contributions to the MD plan for 2008 were $29,462, made by the District, of which $17,186 funded the pension obligation, and $12,276 made by the plan members. The ORC provides statutory authority for member and employer contributions.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Plan Description – OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the TP and CO Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The ORC permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial reports. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employers contributed at a rate of 14.0% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2008, the employer contribution allocated to fund postemployment health care was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions for health care to the OPERS for the years ending December 31, 2008, 2007, and 2006 were $427,589, $324,985 and $253,641, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended December 31, 2008 are as follows:

	Balance at December 31, 2007	Additions	Deductions	Balance at December 31, 2008	Amount Due Within One Year
Governmental Activities:					
Capital Leases Payable	$48,704	$0	($48,704)	$0	$0
Compensated Absences	842,389	895,547	(842,389)	895,547	534,767
Total Long-Term Obligations	$891,093	$895,547	($891,093)	$895,547	$534,767

NOTE 12 -RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District 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 a member 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 Insurance

For occurrences prior to January 1, 2006 PEP retains casualty risks up to $250,000 per claim, including loss 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 occurrences on or after to January 1, 2006, PEP retains casualty risk up to $350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claims exceeding $350,000 and provides up to $2,650,000 per claim and $10,000,000 in the aggregate per year.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to $5,000,000 per year, subject to an aggregate of $10,000,000. Governments can elect additional coverage from $3,000,000 to $13,000,000, General Reinsurance Corporation.

Property Insurance

Travelers reinsures specific losses exceeding $250,000 and provides up to $600 million per occurrence. 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, Travelers will reinsure specific losses exceeding $100,000 up to their $600 million per occurrence limit.

NOTE 12 -RISK MANAGEMENT (Continued)

A. General Insurance (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 District.

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, 2008 (latest information available):

	2,008
Assets	$35,769,535
Liabilities	(15,310,206)
Retained Earnings	$20,459,329

The Casualty Coverage assets and retained earnings above include approximately $12.9 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008. PEP will collect these amounts in future annual premium billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately $225,000.

NOTE 12 -RISK MANAGEMENT (Continued)

B. Health Insurance

The Lucas County Commissioners manage a self-funded insurance program for dental, prescription drug, and health benefits. The programs are administered by a third-party, which provides claims review and processing services. The Metroparks is charged for its proportionate share of the costs of covered employees.

C. Workers Compensation

The Lucas County Commissioners also maintains a Self-Funded Workers' Compensation fund. The Metroparks is charged for its proportionate share of the costs of covered employees.

NOTE 13 -CONTINGENT LIABILITIES

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2008.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number	Federal CFDA Number		Disbursements
U.S. DEPARTMENT OF COMMERCE				
Direct Assistance				
Coastal Zone Management Administration Awards		11.419	$	1,403,765
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through City of Toledo				
Community Development Block Grant/Brownfield's Economic Development Initiative Grant Program		14.246		414,000
U.S. DEPARTMENT OF INTERIOR				
FISH AND WILDLIFE SERVICE				
Passed Through Ohio Department of Natural Resources				
State Wildlife Grants		15.634		3,000,000
U.S. DEPARTMENT OF TRANSPORTATION				
FEDERAL HIGHWAY ADMINISTRATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction Program		20.205		207,479
TOTAL			**$**	**5,025,244**

The accompanying notes to this schedule are an integral part of this schedule.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

Metropolitan Park District of the Toledo Area
Lucas County
5100 West Central Avenue
Toledo, Ohio 43615-2100

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, (the District) as of and for the year ended December 31, 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated June 15, 2010, wherein we noted the District changed its basis of accounting. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 District'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 District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weekness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated June 15, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of as item 2008-001, 2008-003, and 2008-2004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 15, 2010.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, Board of Park Commissioners, and federal awarding agencies and pass-through entities We intend it for no one other than these specified parties.

Mary Taylor, CPA
Auditor of State

June 15, 2010

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Metropolitan Park District of the Toledo Area
Lucas County
5100 West Central Avenue
Toledo, Ohio 43615-2100

To the Board of Park Commissioners:

Compliance

We have audited the compliance of the Metropolitan Park District of the Toledo Area, Lucas County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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In our opinion, the Metropolitan Park District of the Toledo Area complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as finding 2008-005.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Park Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2010

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	CFDA #15.634 - State Wildlife Grants
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-001

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

During fiscal year 2008, $391 was spent on alcohol purchases by the Metropolitan Park District for the Toledo Area's Mardi Gras event. The purchase was made with store credit and later paid by the District via check vouchers. The District Director and Director of Human Resources and Volunteer Services signed the checks.

In accordance with the foregoing facts, and pursuant to ORC Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Donald Rettig, Associate Director of Operations, and Cathy Marinelli, Director of Human Resources and Volunteer Services, jointly and severally, in the amount of $391 in favor of the Metropolitan Park District of Toledo Cardinal Fund.

The Board of Park Commissioners repaid the $391 to the Metropolitan Park District of the Toledo Area as follows: Scott Savage repaid $130.54, recorded by the District as a deposit on 3/12/10; Fritz Beyers repaid $130.53, recorded by the District as a deposit on 3/12/10; and Lera Doneghy repaid $130.54, recorded as a deposit on 3/23/10.

Officials Response:
The District respectfully but strongly disagrees with the imposition of the finding for recovery. The District maintains that there is no legal authority supporting the findings of recovery. The Auditor relies on Bulletin 2003-005 which states that the expenditure of public funds for alcoholic beverages can never have a public purpose. Ohio Revised Code section 117.20(D) provides the "bulletins, directives, and instructions [issued by the Auditor] shall be of an advisory nature only". Thus, were the matter to be the subject of judicial review, the court would not be bound by the Bulletin.

Instead, the District relies on the case of *State ex rel. McClure v. Hagerman,* 155 Ohio St. 320 (1951), which stands for the proposition that the primary objective of an expenditure by a public entity must be to further a public purpose. The court went on to state that "the determination of the legislative body [that an expenditure serves a public purpose]…should not be reversed except in instances where such determination is palpable and manifestly arbitrary and incorrect." In this instance, the Park Board determined that the expenditure of funds from the District's Cardinal Fund for the purchase of wine and beer at a total cost of $391.59 for the District's 2008 Mardi Gras fundraising event served a proper public purpose.

It is the District's position that there has been a mischaracterization of the expenditures at issue as an illegal expenditure of public money as a result of which no finding can be issued.

Auditor of State Conclusion:

The Auditor of State respectfully disagrees. Although Ohio Revised Code § 117.20(C) does direct that the Auditor of State's bulletins, directives, and instructions shall be of an advisory nature only, the Officials have not presented any arguments that indicate why either Technical Bulletin issued on the expenditure of public funds for alcoholic beverages is incorrect. Instead, the Officials simply conclude, without any legal support, that expenditure of funds from the District's Cardinal Fund for the purchase of alcohol for a fundraising event of the District's during 2008 served a proper public purpose.

Although the fundraiser itself, and expenditures for its operation, clearly meet the proper public purpose criteria set forth in *McClure v. Hagerman*, 155 Ohio St. 320 (1951), the expenditure of public funds for alcoholic beverages does not. The fundraiser furthers the purpose of the District and serves the general good of all inhabitants. The Auditor of State does not see a viable argument, however, from the District that supports the purchase of alcohol as being for the "general good of all inhabitants" or for the "promotion of public health, safety, morals, general welfare, security, prosperity, and contentment of all inhabitants."

For the reasons stated above, Finding 2008-001 will stand.

FINDING NUMBER 2008-002

Material Weakness – Capital Assets

In order to maintain an accurate accounting of all assets of the District, a capital asset accounting system should be utilized, periodic inventories should be performed, asset records should be maintained, and procedures should be developed and placed in operation to accurately determine depreciation/accumulated depreciation.

The following conditions were noted with testing the District's capital assets:

- District Board has not approved a comprehensive capital asset policy that establishes policies and procedures for the following:
    - capitalization threshold, goods/services subject to capitalization, estimated useful lives, and depreciation methods;
    - documenting and retaining sufficient appropriate evidence for each asset capitalized;
    - asset tagging and physical inventory counts and the frequency and documentation of said counts, which should include who is responsible for reconciling the physical inventory counts to the District's capital asset listing;
    - method for capitalizing land purchases - contract price, contract plus charges, contract net charges, or other method;
    - allocating property value between land and building assets and requirements for documenting and retaining support for such allocation;
    - capitalizing donated land at its fair market value at time of receipt and independent, third party evaluation of donated land to ensure that donated land is capitalized at its fair market value at the time of donation and properly classified;
    - capitalizing assets acquired via trade-in at purchase price, gross of any trade-in allowance; and,
    - disposing of capital assets, including use and approval of disposal forms and who is responsible for ensuring disposal forms are input into the accounting system.

- District Board has not approved or implemented a comprehensive capital asset accounting system, including who is responsible for recording and updating assets, to record such information as the tag number, a description of the item, the cost, the acquisition date, location, function assigned to, and any other supporting documentation;

- District hired a third party to perform an appraisal of all the District's assets, excluding land, art, and antiques. The information prepared by the appraisal firm was used to capitalize District assets. However, the District had no policies or procedures in place to review the appraisal data (purchase date, description and cost) to determine accuracy and completeness of data used for capitalization. Also, the District has no policies or procedures in place to identify assets purchased after the appraisal period requiring capitalization; and,

- District capitalized appraised value of arts and antiques in total. The appraisal includes small items less than $5,000 threshold used to capitalize other assets.

Failure to have adequate controls over capital assets has led to the following:

- Failure to capitalize donated land and/or assign a capital asset value to certain donated land assets.
- Capitalization of machinery and equipment net of trade in allowances.

- Inconsistent capitalization of land, some purchases are capitalized at contract price, others are capitalized at contract price plus charges, and still others are capitalized contract price net of charges.
- Understatement of depreciation due to incorrect purchase dates on the appraisal listing.
- Property value allocations between land and building assets that are unsupported
- Significant time devoted to obtaining sufficient, appropriate support for assets capitalized.
- Overstatement of art and antique assets.

To maintain adequate safeguards over capital assets, and to reduce the risk that District's assets will be misstated, we recommend:

- District approve and implement a comprehensive capital asset policy that establishes policies and procedures as noted above;

- District Board approve and implement a comprehensive capital asset accounting system, including who is responsible for recording and updating assets;

- District establishes policies and procedures to determine who is responsible for reviewing any Appraisal information used to capitalize assets for accuracy and completeness. If an appraisal is not used to determine capital asset additions, the District should determine who is responsible for updating and reviewing any capital any capital asset additions;

- District establish policies and procedures for identifying the purchase price of arts and antiques or the fair market value of the items at the time the District received them, which should be the capitalization amount. The District should also ensure that any pieces of arts and antiques capitalized meet the District's capitalization threshold.

Officials Response:
The District will implement a comprehensive capital asset policy that will address these weaknesses.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Revised Code § 5705.39 states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

Appropriations for the District's Land Acquisition Levy Fund exceeded the estimated resources for the fund by $544,289.

Allowing appropriations to remain higher than estimated resources increases the possibility appropriations may be unrealistically inflated which could result in deficit spending. Estimated resources should have been reduced to the level of the actual resources available for appropriation.

Management officials should monitor estimated resources and appropriations throughout the year and make the necessary modifications, with approval of the Board, to avoid appropriations exceeding estimated resources to avoid overspending.

Officials Response:
This District is aware of the compliance requirement. This was an isolated incident as a result of employee turnover in key budgetary positions.

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

The District's expenditures for the General Fund and Land Acquisition Levy Fund exceeded the approved appropriations by $777,049 and $63,744 respectively.

Expending more funds than has been appropriated could result in the District not being able to meet obligations as they come due. The fiscal officer should not certify the availability of funds and should deny payment requests that exceed appropriations. The fiscal officer may request that the Board approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

We recommend the District ensure expenditures are within appropriations to ensure the District has adequate resources available to meet obligations as they come due.

Officials Response:
This District is aware of the compliance requirement. This was an isolated incident as a result of employee turnover in key budgetary positions.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2008-005

Noncompliance Citation

OMB Circular A-133 § .200, Audits of States, Local Governments and Non-Profit Organizations, as published on 06/27/2003, requires Non-Federal entities that expend $500,000 or more in a year in Federal awards to have a single or program-specific audit conducted for that year in accordance with the provisions of **OMB Circular A-133**.

OMB Circular A-133 § .320 requires the audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

The District expended greater than $500,000 in Federal awards during fiscal year 2008 and did not have a single audit or a program-specific audit conducted to meet the nine month deadline. The District did not receive an extension to this filing requirement.

Officials Response:
The District will fully comply with these requirements in the future.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	OMB Circular A-133 failure to have a single audit.	No	Not Corrected. Reissued as finding 2008-005 in this report.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2008

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-005	The District will implement procedures to work with the Independent Accountants to meet A-133 reporting requirements.	2010	Carla Westbrook

Mary Taylor, CPA
Auditor of State

METROPOLITAN PARK DISTRICT OF TOLEDO AREA

LUCAS 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
JULY 8, 2010

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