



Dave Yost • Auditor of State



**CLEVELAND METROPOLITAN PARK DISTRICT  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, 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 did not audit the financial statements of the Cleveland Zoological Society, which represent all of the assets, net assets and revenues of the Cleveland Zoological Society. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, as of December 31, 2011 and 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during 2011 the Cleveland Metropolitan Park District adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



**Dave Yost**  
Auditor of State

September 18, 2012

**Cleveland Metropolitan Park District, Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2011 and 2010*  
*(With Comparative Amounts for 2009)*  
*Unaudited*

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The discussion and analysis of Cleveland Metropolitan Park District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2011, 2010 and 2009. 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 notes to enhance their understanding of the District's financial performance.

**Financial Highlight**

Key financial highlight for 2011 is as follows:

- In total, net assets increased from 2010. This is primarily attributable to an increase in capital assets due to the completion of African Elephant Crossing, construction in progress of the West Creek Reservation and the acquisition of Seneca golf course.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows changes to net assets related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**Reporting on the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net assets and the changes in those assets. The change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of the District's capital assets will also need to be evaluated.

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In the Statement of Net Assets and the Statement of Activities, the District's activities are divided into two types of activities:

- **Governmental Activities** – All of the District's services are reported here including Zoo operations, park operations, golf course, ranger department and administration.
  
- **Component Unit** – The District includes the financial data of Cleveland Zoological Society (the Zoo Society). The Zoo Society is a nonprofit organization which operates under a Board of Trustees. The Zoo Society promotes the conservation and propagation of wildlife – particularly endangered species – primarily through the support of Cleveland Metropolitan Park District (the District). The Zoo Society will engage the community in support of Cleveland Metroparks Zoo (the Zoo) and in its mission to improve the future for wildlife and will marshal the resources necessary to ensure that the Zoo remains one of the region's preeminent destinations and ultimately one of the top five Zoos in the country. Since the economic resources received by the Zoo Society are almost entirely for the benefit of and accessible to the District, the Zoo Society is presented as a component unit of the District. The Cleveland Zoological Society is included as a component unit of the District due to the District's influence on the programs and services provided by Cleveland Zoological Society and due to the operating agreement between the District and Cleveland Zoological Society (Note 17). The District does not appoint any of the members of Cleveland Zoological Society's governing board or approve the budget or debt issuance of Cleveland Zoological Society.

**Reporting on the District's Most Significant Fund**

*Governmental Fund*

The presentation for the District's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general 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 on services provided to our District users. The relationship (or difference) between governmental activities (reported on the Statement of Net Assets and the Statement of Activities) and the general fund is reconciled in the financial statements.



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**The Cleveland Metropolitan Park District as a Whole**

Recall that the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2011 compared to 2010 and 2009.

**Table 1**  
**Net Assets**

	2011	2010	2009
<b>Assets</b>			
Current and Other Assets	\$84,591,004	\$80,174,605	\$90,052,375
Nondepreciable Capital Assets	78,456,008	83,119,374	66,770,982
Depreciable Capital Assets	159,590,199	132,764,383	133,456,427
<i>Total Assets</i>	<u>322,637,211</u>	<u>296,058,362</u>	<u>290,279,784</u>
<b>Liabilities</b>			
Current and Other Liabilities	50,731,094	51,654,701	51,420,005
Long-Term Liabilities:			
Due Within One Year	2,157,433	1,954,749	883,216
Due in More than One Year	4,515,650	4,544,623	5,044,490
<i>Total Liabilities</i>	<u>57,404,177</u>	<u>58,154,073</u>	<u>57,347,711</u>
<b>Net Assets</b>			
Invested in Capital Assets	238,046,207	215,883,757	200,227,409
Unrestricted	27,186,827	22,020,532	32,704,664
<i>Net Assets</i>	<u>\$265,233,034</u>	<u>\$237,904,289</u>	<u>\$232,932,073</u>

The increase in 2011 net assets is due to the increase in capital assets. On the statement of net assets, capital assets increased significantly due to the completion of construction and donations of the Seneca Golf Course. One asset category that decreased significantly was intergovernmental receivable. .

Liabilities decreased slightly from 2010 to 2011. The largest decrease was in the contract payable amount, due to more projects being completed in 2011.

The significant increase in capital assets impacted net assets, as is evident in the large increase to invested in capital assets. Unrestricted net assets increased, as less cash was spent for capital asset projects in 2011.

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Table 2 shows the changes in net assets for the years ended December 31, 2011, 2010 and 2009.

	Table 2 Changes in Net Assets		
	2011	2010	2009
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$15,138,177	\$13,954,708	\$14,558,598
Operating Grants and Contributions	3,092,924	591,890	863,843
Capital Grants and Contributions	24,427,952	5,816,900	6,339,414
Total Program Revenues	42,659,053	20,363,498	21,761,855
General Revenues			
Property Taxes	45,837,601	46,490,136	48,195,557
Grants and Entitlements	10,194,483	9,141,480	8,577,028
Investment Earnings	44,151	120,490	276,886
Other	557,554	438,050	419,563
Total General Revenues	56,633,789	56,190,156	57,469,034
<i>Total Revenues</i>	99,292,842	76,553,654	79,230,889
<b>Program Expenses</b>			
Park Operations	22,999,061	23,308,538	24,651,013
Zoo Operations	21,568,830	22,017,328	21,662,820
Golf Course	7,041,497	6,729,996	6,894,736
Ranger Department	8,039,599	8,062,677	7,472,786
Administration	12,315,110	11,462,899	10,291,882
<i>Total Program Expenses</i>	71,964,097	71,581,438	70,973,237
<i>Change in Net Assets</i>	27,328,745	4,972,216	8,257,652
<i>Net Assets, Beginning of Year</i>	237,904,289	232,932,073	224,674,421
<i>Net Assets, End of Year</i>	\$265,233,034	\$237,904,289	\$232,932,073

Several revenue sources fund the District. Property tax is the biggest contributor and accounted for 46.16 percent of total revenue in 2011, compared to 60.73 in 2010 and 60.83 in 2009. The property tax of 1.8 mills was voted on by the citizenry of Cuyahoga County and Hinckley Township of Medina County in November of 2004. The levy will continue through November 2014. Capital grants and contributions accounted for 24.60 percent of total revenue in 2011, compared to 7.60 in 2010 and 8.00 in 2009. The increase is due to capital grants and donations for the construction of West Creek and the donation of Seneca golf course.

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The District has maintained a philosophy to strive for self-sufficiency in the areas dedicated to recreation such as the golf courses, the Zoo, the Chalet and Aquatics. In 2011, charges for services increased due to increases in zoo receipts. As a result of this, charges for services in 2011 accounted for \$15,138,177, which is 15.25 percent of total revenue, compared to \$13,954,708 or 18.23 percent of total revenue in 2010 and \$14,558,598 or 18.37 percent of gross revenue in 2009.

The expense of park operations, including outdoor education, represented 31.96 percent of total program expenses during 2011 and 32.56 percent during 2010 and 34.73 percent during 2009. Maintenance of the sixteen park reservations, including the newest West Creek Reservation, represents a significant part of this expense and includes all connecting roads and trails.

In 2011, zoo operation expenses amounted to \$21,568,830 of the total program expenses or 29.97 percent of program expenses, compared to \$22,017,328 or 30.76 percent in 2010 and \$21,662,820 or 30.52 percent in 2009.

The District has eight golf courses. Of the eight courses, three have nine holes, one has twenty-seven holes, one has thirty-six holes, and three have eighteen holes. Golf course operations expense decreased slightly in 2010 and then had increased during 2011. The 2011 increase was mainly due to the acquisition and operation of Seneca golf course.

The ranger department continues to monitor and provide safety for District visitors and facilities. The ranger department expenses have increased significantly from 2009 to 2010 and remained consistent from 2010 to 2011.

### **The District's Fund**

Information about the District's governmental fund begins on page 14. This fund is accounted for using the modified accrual basis of accounting. The District had governmental revenues of \$76,653,653, and expenditures of \$74,318,961. Revenue increases are primarily due to an increase in intergovernmental revenues, the largest one coming from the Northeast Ohio Regional Sewer District. Expenditures decreased primarily due to fewer construction costs, with the completion of the African Elephant Crossing project.

### **Budgeting Highlights**

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.

During the course of 2011 the District amended its general fund budget. All recommendations for a budget change come from the District Treasurer to the Board of Park Commissioners for resolution enactment on the change. The general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Original budgeted revenues for the general fund were \$79,995,988; final budget amount was \$79,295,325 and the actual revenue was \$76,694,256. The major factors contributing to the decrease of final budgeted revenues over original budgeted revenues were decreased estimates in property tax revenues. The major factor

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contributing to the decrease of actual revenues over final budgeted revenues was a decrease in golf receipts over the District's estimates. Original budgeted expenditures exceeded the final budget by \$200,349. As revenue estimates were revised, expenditure estimates followed. Actual expenditures were \$12,047,278 less than the final budget estimates due to conservative budgeting, particularly in the area of capital outlay.

**Capital Assets**

Table 3  
Capital Assets at December 31  
(Net of Depreciation)

	2011	2010	2009
Land	\$64,321,564	\$46,362,945	\$43,371,093
Land Improvement	6,638,111	6,420,473	6,328,997
Construction in Progress	7,496,333	30,335,956	17,070,892
Site Structures	1,418,579	1,543,597	2,486,725
Exhibit	7,329,202	776,797	0
Buildings	90,554,533	71,828,794	72,746,551
Machinery and Equipment	5,544,457	5,661,863	5,583,058
Vehicles	2,444,490	2,662,191	2,657,330
Infrastructure:			
Bridges	23,493,343	23,997,213	23,161,563
Fords	1,679,840	1,742,351	1,804,862
Dams	63,057	64,716	66,375
Tunnels	772,097	793,038	813,979
Roads	14,082,949	12,678,551	12,180,644
All Purpose Trails	7,779,974	8,383,586	9,517,898
Golf Course Cart Paths	456,093	503,556	555,616
Other Paved Areas	3,971,585	2,128,129	1,881,826
<i>Totals</i>	<u>\$238,046,207</u>	<u>\$215,883,756</u>	<u>\$200,227,409</u>

The increase in capital assets of \$22,162,451 in 2011 was primarily attributable to increases in the nondepreciable assets, buildings, and exhibits. During 2011, land increased due to land purchased primarily for the District's Hinckley Reservation and Mill Stream Run Reservation and also land that was donated to the District in the Brecksville Reservation and Bedford Reservation. Construction in progress decreased due to the completion of the African Elephant Crossing exhibit which represents the Zoo's largest capital project (\$27 million) since The RainForest opened in 1992. Increases also occurred in the roads category, as parkways were paved and improved at various facilities within the District. See Note 11 of the basic financial statements for additional information on capital assets.

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**Current Financial Related Activities**

Long- and short-term goals. The revenues and expenditures within the budget are directed to achieve the District's mission. The budget addresses the five critical issues outlined in the District Strategic Plan 2000 and helps support the initiatives narrated in the Zoo Master Plan. The budget supports specific departmental work programs and verifies to the public that the District has been debt-free, with no capital obligations or unfunded liabilities.

Performance tools and response to change. The annual financial report provides measurement tools to assess the financial performance of each department, as well as the District as a whole.

Non-tax funds. Non-tax funds coming to the District are attributable to initiatives of District personnel and generosity of other organizations. The District golf courses, Zoo, the Chalet, Aquatics, and other program operations have strived successfully towards a goal of "self-sufficiency." For example, the Zoo's commitment toward "self-sufficiency" reached 45.8 percent in 2011.

The District has committed itself to financial excellence and has a history of doing just that. The District has received the Government Finance Officers *Distinguished Budget Presentation Award* for 19 consecutive fiscal years beginning January 1, 1993 through December 31, 2011.

Annually the District makes available financial reports and budget documents. The District publishes a variety of informative documents related to the District and the Zoo. There is also information available at both the District and Zoo web sites.

**Contacting the Park District's Treasurer's Office**

This financial report is designed to provide the citizenry with the general overview of the District's finances and show the District's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact David J. Kuntz, Treasurer, Cleveland Metropolitan Park District, 4101 Fulton Parkway, Cleveland, Ohio 44144, or by email at [djk2@clevelandmetroparks.com](mailto:djk2@clevelandmetroparks.com).

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**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Net Assets*

*For the Years Ended December 31, 2011 and 2010*

	Primary Government		Component Unit	
	Governmental Activities		Cleveland Zoological Society	
	2011	2010	2011	2010
<b>Assets</b>				
Cash and Cash Equivalents	\$17,184,572	\$7,794,609	\$2,202,451	\$3,464,453
Cash and Cash Equivalents in Segregated Accounts	0	9,618	0	0
Cash and Cash Equivalents with Fiscal Agents	45,111	111,015	0	0
Investments	0	8,000,000	6,292,230	3,929,576
Charitable Gift Annuities	0	0	101,911	117,993
Materials and Supplies Inventory	1,399,443	1,018,578	0	0
Accrued Interest Receivable	3,051	25,923	0	0
Beneficial Interest in Perpetual Trusts	0	0	516,018	540,277
Accounts Receivable	100,242	46,915	0	0
Pledges Receivable	0	0	757,574	1,271,338
Due from Zoological Society	683,125	598,588	0	0
Intergovernmental Receivable	8,186,503	6,232,055	35,558	0
Prepaid Items	167,208	123,764	62,205	147,929
Taxes Receivable	56,821,749	56,213,540	0	0
Nondepreciable Capital Assets	78,456,008	83,119,374	0	0
Depreciable Capital Assets, Net	159,590,199	132,764,383	169,750	185,567
<i>Total Assets</i>	<u>322,637,211</u>	<u>296,058,362</u>	<u>10,137,697</u>	<u>9,657,133</u>
<b>Liabilities</b>				
Accounts Payable	1,489,336	1,718,704	135,708	106,212
Contracts Payable	551,688	1,015,365	0	0
Accrued Wages	1,422,596	1,300,110	0	0
Due to Primary Government	0	0	683,125	598,588
Retainage Payable	45,111	111,015	0	0
Fund Held for Others	0	0	56,689	53,143
Insurance Claim Payable	355,000	277,000	0	0
Intergovernmental Payable	1,419,274	1,449,049	0	0
Split Interest Agreements Payable	0	0	71,180	76,701
Deferred Revenue	45,448,089	45,783,458	0	0
Long-Term Liabilities:				
Due Within One Year	2,157,433	1,954,749	0	0
Due In More Than One Year	4,515,650	4,544,623	0	0
<i>Total Liabilities</i>	<u>57,404,177</u>	<u>58,154,073</u>	<u>946,702</u>	<u>834,644</u>
<b>Net Assets</b>				
Invested in Capital Assets	238,046,207	215,883,757	169,750	185,567
Restricted for				
Educational and Conservation Grants	0	0	321,732	286,812
Marketing Sponsorships	0	0	47,515	157,043
Neotropical Research	0	0	55,000	50,000
African Elephant Crossing	0	0	460,630	0
Endowment Funds	0	0	563,018	587,277
Unrestricted	27,186,827	22,020,532	7,573,350	7,555,790
<i>Total Net Assets</i>	<u>\$265,233,034</u>	<u>\$237,904,289</u>	<u>\$9,190,995</u>	<u>\$8,822,489</u>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Activities*

*For the Years Ended December 31, 2011 and 2010*

<b>2011</b>						
	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Cleveland Zoological Society
<b>Primary Government</b>						
<b>Governmental Activities</b>						
Park Operations	\$22,999,061	\$843,480	\$2,402,426	\$3,870,155	(\$15,883,000)	\$0
Zoo Operations	21,568,830	8,800,702	467,933	1,398,637	(10,901,558)	0
Golf Course	7,041,497	5,026,038	0	19,099,160	17,083,701	0
Ranger Department	8,039,599	52,372	20,079	0	(7,967,148)	0
Administration	12,315,110	415,585	202,486	60,000	(11,637,039)	0
<b>Total Primary Government</b>	<b>\$71,964,097</b>	<b>\$15,138,177</b>	<b>\$3,092,924</b>	<b>\$24,427,952</b>	<b>(29,305,044)</b>	<b>0</b>
<b>Component Unit</b>						
Cleveland Zoological Society	\$6,816,516	\$0	\$551,463	\$1,736,693	0	(4,528,360)
<b>General Revenues</b>						
Property Taxes					45,837,601	0
Grants and Entitlements not Restricted to Specific Programs					10,194,483	0
Investment Earnings					44,151	125,007
Unrestricted Contributions					0	3,731,023
Other					557,554	1,040,836
<b>Total General Revenues</b>					<b>56,633,789</b>	<b>4,896,866</b>
Change in Net Assets					27,328,745	368,506
<i>Net Assets Beginning of Year</i>					237,904,289	8,822,489
<i>Net Assets End of Year</i>					<b>\$265,233,034</b>	<b>\$9,190,995</b>

See accompanying notes to the basic financial statements

(continued)



**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Activities*

*For the Years Ended December 31, 2011 and 2010*

<b>2010</b>						
	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Cleveland Zoological Society
<b>Primary Government</b>						
<b>Governmental Activities</b>						
Park Operations	\$23,308,538	\$1,056,620	\$185,189	\$2,236,506	(\$19,830,223)	\$0
Zoo Operations	22,017,328	7,202,243	170,203	3,553,576	(11,091,306)	0
Golf Course	6,729,996	5,642,647	0	0	(1,087,349)	0
Ranger Department	8,062,677	53,198	29,341	0	(7,980,138)	0
Administration	11,462,899	0	207,157	26,818	(11,228,924)	0
<b>Total Primary Government</b>	<b>\$71,581,438</b>	<b>\$13,954,708</b>	<b>\$591,890</b>	<b>\$5,816,900</b>	<b>(51,217,940)</b>	<b>0</b>
<b>Component Unit</b>						
Cleveland Zoological Society	\$5,855,168	\$0	\$496,030	\$866,142	0	(4,492,996)
<b>General Revenues</b>						
Property Taxes					46,490,136	0
Grants and Entitlements not Restricted to Specific Programs					9,141,480	0
Investment Earnings					120,490	359,937
Unrestricted Contributions					0	3,510,977
Other					438,050	834,557
<b>Total General Revenues</b>					<b>56,190,156</b>	<b>4,705,471</b>
Change in Net Assets					4,972,216	212,475
<b>Net Assets Beginning of Year</b>					<b>232,932,073</b>	<b>8,610,014</b>
<b>Net Assets End of Year</b>					<b>\$237,904,289</b>	<b>\$8,822,489</b>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Balance Sheet*

*Governmental Fund*

*For the Years Ended December 31, 2011 and 2010*

	2011	2010
	General	General
	Fund	Fund
<b>Assets</b>		
Cash and Cash Equivalents	\$17,184,572	\$7,794,609
Cash and Cash Equivalents in Segregated Accounts	0	9,618
Cash and Cash Equivalents with Fiscal Agents	45,111	111,015
Investments	0	8,000,000
Materials and Supplies Inventory	1,399,443	1,018,578
Accrued Interest Receivable	3,051	25,923
Accounts Receivable	100,242	46,915
Due from Component Unit	683,125	598,588
Intergovernmental Receivable	8,186,503	6,232,055
Prepaid Items	167,208	123,764
Taxes Receivable	56,821,749	56,213,540
<i>Total Assets</i>	<u>\$84,591,004</u>	<u>\$80,174,605</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	\$1,489,336	\$1,718,704
Contracts Payable	551,688	1,015,365
Accrued Wages	1,422,596	1,300,110
Retainage Payable	45,111	111,015
Insurance Claims Payable	355,000	277,000
Intergovernmental Payable	1,419,274	1,449,049
Deferred Revenue	64,765,810	62,095,865
<i>Total Liabilities</i>	<u>70,048,815</u>	<u>67,967,108</u>
<b>Fund Balance</b>		
Nonspendable	1,566,651	1,142,342
Assigned	2,278,365	2,216,282
Unassigned	10,697,173	8,848,873
<i>Total Fund Balance</i>	<u>14,542,189</u>	<u>12,207,497</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$84,591,004</u>	<u>\$80,174,605</u>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Reconciliation of Governmental Fund Balance to*

*Net Assets of Governmental Activities*

*December 31, 2011 and 2010*

	2011	2010
<b>Total Governmental Fund Balances</b>	\$14,542,189	\$12,207,497
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	238,046,207	215,883,757
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund.		
Intergovernmental	7,944,061	5,882,325
Property Taxes	<u>11,373,660</u>	<u>10,430,082</u>
Total	19,317,721	16,312,407
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.		
Compensated Absences	(5,624,799)	(5,638,458)
Claims Payable	<u>(1,048,284)</u>	<u>(860,914)</u>
Total	<u>(6,673,083)</u>	<u>(6,499,372)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$265,233,034</u>	<u>\$237,904,289</u>
See accompanying notes to the basic financial statements		

**Cleveland Metropolitan Park District, Cuyahoga County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Fund*  
For the Years Ended December 31, 2011 and 2010

	2011	2010
	General Fund	General Fund
<b>Revenues</b>		
Property Taxes	\$44,894,023	\$45,941,546
Intergovernmental	14,086,691	11,082,919
Donations and Sponsors	1,933,057	4,175,206
Interest	44,151	120,490
Golf Receipts	5,026,038	5,406,180
Zoo Receipts	8,800,702	7,097,080
Park Receipts	1,207,123	1,367,478
Damages and Fines	104,314	83,970
Other	557,554	438,050
<i>Total Revenues</i>	<u>76,653,653</u>	<u>75,712,919</u>
<b>Expenditures</b>		
Current:		
Park Operations	17,467,667	18,563,889
Zoo Operations	18,243,758	19,515,046
Golf Course	6,479,798	6,343,827
Ranger Department	7,862,664	7,631,461
Administration	12,547,485	11,025,181
Capital Outlay	11,717,589	23,523,916
<i>Total Expenditures</i>	<u>74,318,961</u>	<u>86,603,320</u>
<i>Net Change in Fund Balance</i>	2,334,692	(10,890,401)
<i>Fund Balance Beginning of Year</i>	<u>12,207,497</u>	<u>23,097,898</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,542,189</u></u>	<u><u>\$12,207,497</u></u>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Reconciliation of the Changes in Fund Balance  
of Governmental Fund to the Statement of Activities  
For the Years Ended December 31, 2011 and 2010*

	2011	2010
<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$2,334,692	(\$10,890,401)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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 exceeded depreciation in the current period.		
Capital Asset Additions:		
Capital Outlays	9,870,933	24,239,350
Capital Contributions	19,633,875	62,800
Current Year Depreciation	<u>(7,209,566)</u>	<u>(7,780,598)</u>
Total	22,295,242	16,521,552
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a loss is reported for each disposal.	(132,792)	(865,204)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Intergovernmental	2,061,736	229,345
Delinquent Property Taxes	<u>943,578</u>	<u>548,590</u>
Total	3,005,314	777,935
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 the governmental fund.		
Compensated Absences	13,659	(627,959)
Retrospective Workers Compensation	<u>(187,370)</u>	<u>56,293</u>
Total	<u>(173,711)</u>	<u>(571,666)</u>
<i>Change in Net Assets</i>	<u><u>\$27,328,745</u></u>	<u><u>\$4,972,216</u></u>
See accompanying notes to the basic financial statements		

**Cleveland Metropolitan Park District, Cuyahoga County**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$46,158,211	\$45,673,398	\$44,894,023	(\$779,375)
Intergovernmental	15,145,003	15,092,878	14,105,718	(987,160)
Donations and Sponsors	2,454,906	2,433,404	1,933,057	(500,347)
Interest	100,914	100,030	67,023	(33,007)
Golf Receipts	6,292,124	6,237,013	5,030,118	(1,206,895)
Zoo Receipts	8,172,195	8,100,617	8,801,240	700,623
Park Receipts	1,298,476	1,287,103	1,259,065	(28,038)
Damages and Fines	71,236	70,612	104,314	33,702
Other	302,923	300,270	499,698	199,428
<i>Total Revenues</i>	<u>79,995,988</u>	<u>79,295,325</u>	<u>76,694,256</u>	<u>(2,601,069)</u>
<b>Expenditures</b>				
Current:				
Park Operations	19,251,066	19,201,701	18,061,635	1,140,066
Zoo Operations	20,429,176	20,376,790	19,569,811	806,979
Golf Course	8,122,834	8,102,005	6,673,788	1,428,217
Ranger Department	8,095,202	8,074,444	7,925,311	149,133
Administration	13,599,153	13,605,212	13,604,523	689
Capital Outlay	22,255,666	22,192,596	13,670,402	8,522,194
<i>Total Expenditures</i>	<u>91,753,097</u>	<u>91,552,748</u>	<u>79,505,470</u>	<u>12,047,278</u>
<i>Net Change in Fund Balance</i>	(11,757,109)	(12,257,423)	(2,811,214)	9,446,209
<i>Fund Balance Beginning of Year</i>	11,371,724	11,371,724	11,371,724	0
Prior Year Encumbrances Appropriated	<u>4,433,506</u>	<u>4,433,506</u>	<u>4,433,506</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,048,121</u>	<u>\$3,547,807</u>	<u>\$12,994,016</u>	<u>\$9,446,209</u>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$46,537,567	\$45,868,715	\$45,941,546	\$72,831
Intergovernmental	11,700,283	11,686,205	13,758,653	2,072,448
Donations and Sponsors	7,680,551	7,590,485	4,175,206	(3,415,279)
Interest	305,377	301,796	138,545	(163,251)
Golf Receipts	5,907,828	5,838,550	5,402,960	(435,590)
Zoo Receipts	7,590,942	7,501,926	7,098,639	(403,287)
Park Receipts	1,156,465	1,142,904	1,313,730	170,826
Damages and Fines	65,496	64,728	83,970	19,242
Other	262,017	258,944	433,045	174,101
<i>Total Revenues</i>	<u>81,206,526</u>	<u>80,254,253</u>	<u>78,346,294</u>	<u>(1,907,959)</u>
<b>Expenditures</b>				
Current:				
Park Operations	18,352,020	18,352,594	18,148,777	203,817
Zoo Operations	19,758,970	19,793,890	19,689,108	104,782
Golf Course	7,043,119	7,055,566	6,607,684	447,882
Ranger Department	7,476,857	7,530,071	7,528,547	1,524
Administration	12,520,653	12,604,399	12,417,876	186,523
Capital Outlay	29,145,377	29,196,886	25,801,706	3,395,180
<i>Total Expenditures</i>	<u>94,296,996</u>	<u>94,533,406</u>	<u>90,193,698</u>	<u>4,339,708</u>
<i>Net Change in Fund Balance</i>	(13,090,470)	(14,279,153)	(11,847,404)	2,431,749
<i>Fund Balance Beginning of Year</i>	18,651,002	18,651,002	18,651,002	0
Prior Year Encumbrances Appropriated	<u>4,568,126</u>	<u>4,568,126</u>	<u>4,568,126</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,128,658</u>	<u>\$8,939,975</u>	<u>\$11,371,724</u>	<u>\$2,431,749</u>

See accompanying notes to the basic financial statements

**Cleveland Metropolitan Park District, Cuyahoga County**

*Statement of Fiduciary Assets and Liabilities*

*Agency Funds*

*For the Years Ended December 31, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$49,663	\$92,325
Cash and Cash Equivalents with Fiscal Agent	45,111	111,015
<i>Total Assets</i>	<u>\$94,774</u>	<u>\$203,340</u>
<b>Liabilities</b>		
Retainage Payable	\$45,111	\$111,015
Deposits Held and Due to Others	49,663	92,325
<i>Total Liabilities</i>	<u>\$94,774</u>	<u>\$203,340</u>

See accompanying notes to the basic financial statements



## Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements  
For The Years Ended December 31, 2011 and 2010

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

Cleveland Metropolitan Park District (the District) is a body politic established on July 23, 1917, by the Cuyahoga County Probate Court, under the authority of Section 1545.01, Ohio Revised Code.

The District's governing body is a three member Board of Park Commissioners (the Commissioners), who are appointed to three year terms by the Cuyahoga County Probate Court. The District is classified as a related organization of Cuyahoga County.

The District is dedicated to the conservation of natural resources and wildlife, while providing various recreational facilities and services which are to be enjoyed by the public. These activities are directly controlled by the Commissioners through the budgetary process and are included within this report.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes.

*Discretely Presented Component Unit* The component unit column in the entity-wide financial statements identifies the financial data of the District's component unit, Cleveland Zoological Society, which is reported separately to emphasize that it is legally separate from the District.

*Cleveland Zoological Society* Cleveland Zoological Society (the Zoo Society) is a nonprofit organization which operates under a Board of Trustees. The Zoo Society promotes the conservation and propagation of wildlife – particularly endangered species – primarily through the support of Cleveland Metropolitan Park District (the District). The Zoo Society will engage the community in support of Cleveland Metroparks Zoo (the Zoo) and in its mission to improve the future for wildlife and will marshal the resources necessary to ensure that the Zoo remains one of the region's preeminent destinations and ultimately one of the top five zoos in the country. Since the economic resources received by the Zoo Society are primarily for the benefit of and are generally accessible to the District, the Zoo Society is presented as a component unit of the District. Cleveland Zoological Society is included as a component unit of the District due to the District's influence on the programs and services provided by Cleveland Zoological Society and due to the operating agreement between the District and Cleveland Zoological Society (Note 17). The District does not appoint any of the members of Cleveland Zoological Society's governing board or approve the budget or debt issuance of Cleveland Zoological Society. Financial statements can be obtained from Cleveland Zoological Society, 3900 Wildlife Way, Cleveland, Ohio 44109.

## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit for the years ended December 31, 2011 and 2010 is presented in Note 17.

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

##### ***Basis of Presentation***

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

##### **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. These statements usually distinguish between those activities of the District that are governmental and those that are considered business-type. The District, however, does not have business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support 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 governmental program is self-financing or draws from the general revenues of the District.

##### **Fund Financial Statements**

During the year, the District accounts for its financial activities in a single governmental fund. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The District's only governmental fund is the general fund which accounts for all financial resources. The general fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio. Fiduciary funds are reported by type.

## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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#### ***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District reports two categories of funds: governmental and fiduciary.

#### **Governmental Funds**

Governmental funds are those through which most governmental functions are financed. The following is the District's only governmental fund:

***General Fund*** The general fund accounts for and reports all financial resources except those required to be accounted for and reported 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.

#### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund 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 are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for deposits held for contractors and developers and an employee flexible benefit plan.

#### ***Measurement Focus***

##### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

##### **Fund Financial Statements**

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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 the general fund.

## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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#### ***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statement prepared for fiduciary funds are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

#### **Revenues - Exchange and Nonexchange 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. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the 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 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: state-levied locally shared taxes, damages and fines, interest, grants and rentals.

#### **Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance the following year's operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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#### ***Cash and Cash Equivalents***

During 2011 and 2010, the District's investments were limited to nonnegotiable certificates of deposit, money market accounts, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2011.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund amounted to \$44,151 during 2011 and \$120,490 during 2010.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

The District has segregated bank accounts for monies held separately from the District's central bank account. Cash and cash equivalents that are held separately by the District for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Fiscal Agents".

#### ***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of materials and supplies held for consumption.

#### ***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

#### ***Capital Assets***

The District's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the general fund. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the financial statements of the general fund.

All capital assets, except for the District's collection of zoo animals, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The District capitalizes all land, construction in progress and infrastructure. The capitalization thresholds for the District's other capital assets are as follows:

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

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Site Structures	\$50,000
Buildings	50,000
Machinery and Equipment	1,000
Vehicles	1,000
Exhibits	50,000

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the District's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Site Structures	20 years
Buildings	40 years
Machinery and Equipment	5 - 10 years
Vehicles	7 years
Infrastructure	20 - 40 years
Exhibits	40 years

For 2011 and 2010, the District reported infrastructure consisting of bridges, fords, dams, roads, all purpose trails, golf course cart paths, tunnels and other paved areas and infrastructure that was acquired prior to December 31, 1980.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based upon the District's past experience of making termination payments.

## Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements  
For The Years Ended December 31, 2011 and 2010*

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### ***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of District Board of Park Commissioners. Those committed amounts cannot be used for any other purpose unless the District Board of Park Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by District Board of Park Commissioners or a District official delegated that authority by District Charter or ordinance, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### ***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation.

### ***Estimates***

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

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

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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#### ***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District Administration and that are either unusual in nature or infrequent in occurrence.

#### ***Budgetary Process***

The general fund is legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Commissioners may appropriate. The appropriations resolution is the Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the object level. Any budgetary modifications at this level may only be made by resolution of the Commissioners.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year.

#### **Note 3 – Changes in Accounting Principles**

For fiscal year 2011, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in total fund balance but only the reclassification of fund balance on the District's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the District's financial statements.



**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

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**Note 4 - Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the general fund is presented below:

Fund Balance	2011	2010
<i><b>Nonspendable</b></i>		
Inventory	\$1,399,443	\$1,018,578
Prepays	167,208	123,764
Total Nonspendable	1,566,651	1,142,342
<i><b>Assigned to</b></i>		
Other Purposes	2,278,365	2,216,282
<i><b>Unassigned</b></i>	10,697,173	8,848,873
<i><b>Total Fund Balance</b></i>	<u>\$14,542,189</u>	<u>\$12,207,497</u>

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as committed or assigned fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund for the years ending December 31, 2011 and 2010.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

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	Net Change in Fund Balance	
	2011	2010
GAAP Basis	\$2,334,692	(\$10,890,401)
Net Adjustment for Revenue Accruals	49,285	2,569,900
Beginning Unrecorded Cash	1,003	62,472
Ending Unrecorded Cash	(9,685)	1,003
Net Adjustment for Expenditure Accruals	(1,005,787)	843,128
Encumbrances	(4,180,722)	(4,433,506)
Budget Basis	(\$2,811,214)	(\$11,847,404)

**Note 6 - Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury Bonds, Notes, Bills or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to repurchase agreement must exceed the principal value of

## Cleveland Metropolitan Park District, Cuyahoga County

### Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010

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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;

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No load market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

#### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, none of the District's bank balance of \$17,046,166 was uncollateralized and uninsured. At December 31, 2010, \$7,750,000 of the District's bank balance of \$11,276,212 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions' trust departments and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

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**Investments**

Investments are reported at fair value. As of December 31, the District had the following investments:

	2011		2010	
	Fair Value	Maturity	Fair Value	Maturity
STAR Ohio	\$1,010,589	58 days average	\$5,009,291	58 days average

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. For 2011 and 2010, no investments have been purchased with a life greater than five years.

**Credit Risk** STAR Ohio carries a rating of AAAM by Standards and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

**Concentration of Credit Risk** Credit risk is defined as having five percent or more of the District's investments invested in the securities of a single issuer. The District's investment policy requires diversification of the portfolio, but only states that the Treasurer shall diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual institutions or maturities.

**Note 7 - Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible personal property located in Cuyahoga County and Districts 16 and 17 in Medina County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of the 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) are for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all District operations for the years ended December 31, 2011 and 2010 was \$1.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 and 2010 property tax receipts were based are as follows:

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

**2011:**

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property		
Residential/Agricultural	\$20,388,242,460	\$271,306,360
Commercial Industrial/Public Utility	8,764,927,890	15,707,700
Public Utility Property	<u>673,170,690</u>	<u>4,314,980</u>
Total Assessed Value	<u><u>\$29,826,341,040</u></u>	<u><u>\$291,329,040</u></u>

**2010:**

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property		
Residential/Agricultural	\$20,379,862,990	\$288,272,040
Commercial Industrial/Public Utility	8,599,341,910	15,719,800
Public Utility Property	<u>654,490,330</u>	<u>4,175,440</u>
Total Assessed Value	<u><u>\$29,633,695,230</u></u>	<u><u>\$308,167,280</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the the Cleveland Metropolitan Park District. The Cuyahoga County Fiscal Officer and Medina County Auditor periodically remit to the District its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the general fund the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**Note 8 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2011 and 2010, the District contracted with several companies for various types of insurance as follows:

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

**2011:**

<u>Company</u>	<u>Type</u>	<u>2011 Coverage</u>	<u>2010 Coverage</u>	
Houston Casualty Company	Flood	\$5,000,000	\$5,000,000	
	Earthquake	5,000,000	5,000,000	
	Employment Practices	2,000,000	2,000,000	
	General Liability	1,000,000	1,000,000	
	Liquor Liability	1,000,000	1,000,000	
	Property	248,866,139	226,962,600	
	Automobile Liability	1,000,000	1,000,000	
	Inland Marine	13,324,938	12,431,245	
	Public Official/Law Enforcement	2,000,000	2,000,000	
	Data Processing Equipment	1,502,796	1,740,814	
	Commercial Crime	250,000	250,000	
	Excess Liability	10,000,000	10,000,000	
	Travelers	Boiler and Machinery	40,000,000	40,000,000
	Western Surety	Treasurer Bond	5,000,000	5,000,000

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

Effective January 1, 2007, the District established a self-insured program in the general fund to provide employees' medical, hospitalization and prescription drug coverage under the Preferred Provider Organization (PPO) plan option, in accordance with Section 9.833 of the Ohio Revised Code.

The employee deductible and out-of-pocket maximum are:

	<u>Deductible</u>	<u>Out-of-Pocket Maximum</u>
Single	\$200 to \$400	\$1,000 to \$2,000
Family	\$400 to \$800	\$2,000 to \$4,000

A third party administrator, Medical Mutual of Ohio, reviewed all claims which were then paid by the District. The District purchased stop-loss coverage of \$100,000 per employee per year and aggregate stop loss should total claims exceed projected claims of \$3,411,684 by 125 percent. The District pays coverage into the self-insurance program for employees of \$425 single and \$1,000 family per employee per month. Incurred but not reported claims of \$355,000 have been accrued as a liability based on an actuarial valuation of health care benefits liability as of December 31, 2011.

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2011	\$277,000	\$265,369	\$187,369	\$355,000
2010	266,000	79,280	68,280	277,000
2009	372,000	55,373	161,373	266,000

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

The District participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured in 2011. The maintenance of these benefits is accounted for in the general fund. Incurred but not reported claims of \$1,048,284 and \$860,914 have been accrued as a liability at December 31, 2011 and December 31, 2010, respectively, based on an estimate by the District.

The claims liability of \$1,048,284 reported at December 31, 2011, \$860,914 reported at December 31, 2010 and \$917,207 reported at December 31, 2009, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the workers' compensation claims liability amounts were:

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Change in Estimate</u>	<u>Balance at End of Year</u>
2011	\$860,914	\$376,509	\$626,344	\$437,205	\$1,048,284
2010	917,207	217,965	524,911	250,653	860,914
2009	758,296	221,136	384,513	322,288	917,207

**Note 9 - Receivables**

Receivables at December 31, 2011 and 2010 primarily consisted of property taxes, due from the Zoological Society, accounts (billings for user charged services), accrued interest and intergovernmental receivables. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The principal items of intergovernmental receivables are homestead and rollback, local government, grants and entitlements.

**Note 10 - Contingencies**

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

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

**Note 11 - Capital Assets**

A summary of changes in capital assets during 2011 follows:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$46,362,945	\$17,958,619	\$0	\$64,321,564
Land Improvements	6,420,473	217,638	0	6,638,111
Construction in Progress	30,335,956	5,647,115	(28,486,738)	7,496,333
<i>Total Capital Assets, Not Being Depreciated</i>	<u>83,119,374</u>	<u>23,823,372</u>	<u>(28,486,738)</u>	<u>78,456,008</u>
<b>Capital Assets, Being Depreciated</b>				
Site Structures	2,720,460	0	0	2,720,460
Exhibits	1,726,214	6,579,191	0	8,305,405
Buildings	106,911,854	21,360,909	0	128,272,763
Machinery and Equipment	17,511,783	997,083	(393,615)	18,115,251
Vehicles	9,906,979	409,947	(365,755)	9,951,171
Infrastructure:				
Bridges	36,460,527	329,432	0	36,789,959
Fords	2,514,510	0	0	2,514,510
Dams	156,375	0	0	156,375
Tunnels	837,629	0	0	837,629
Roads	17,947,897	2,299,733	(41,197)	20,206,433
All Purpose Trails	15,389,020	160,916	(98,454)	15,451,482
Golf Course Cart Paths	1,041,204	0	(91,952)	949,252
Other Paved Areas	3,770,968	2,030,963	(20,826)	5,781,105
<i>Total Capital Assets, Being Depreciated</i>	<u>216,895,420</u>	<u>34,168,174</u>	<u>(1,011,799)</u>	<u>250,051,795</u>
Less Accumulated Depreciation:				
Site Structures	(1,176,862)	(125,019)	0	(1,301,881)
Exhibits	(949,417)	(26,786)	0	(976,203)
Buildings	(35,083,060)	(2,635,170)	0	(37,718,230)
Machinery and Equipment	(11,849,920)	(1,014,311)	293,437	(12,570,794)
Vehicles	(7,244,788)	(595,034)	333,141	(7,506,681)
Infrastructure:				
Bridges	(12,463,314)	(833,302)	0	(13,296,616)
Fords	(772,159)	(62,511)	0	(834,670)
Dams	(91,659)	(1,659)	0	(93,318)
Tunnels	(44,591)	(20,941)	0	(65,532)
Roads	(5,269,346)	(895,335)	41,197	(6,123,484)
All Purpose Trails	(7,005,434)	(764,528)	98,454	(7,671,508)
Golf Course Cart Paths	(537,648)	(47,463)	91,952	(493,159)
Other Paved Areas	(1,642,839)	(187,507)	20,826	(1,809,520)
<i>Total Accumulated Depreciation</i>	<u>(84,131,037)</u>	<u>(7,209,566)</u>	<u>879,007</u>	<u>(90,461,596)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>132,764,383</u>	<u>26,958,608</u>	<u>(132,792)</u>	<u>159,590,199</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$215,883,757</u>	<u>\$50,781,980</u>	<u>(\$28,619,530)</u>	<u>\$238,046,207</u>



**Cleveland Metropolitan Park District, Cuyahoga County**

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A summary of changes in capital assets during 2010 follows:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$43,371,093	\$2,991,852	\$0	\$46,362,945
Land Improvements	6,328,997	168,861	(77,385)	6,420,473
Construction in Progress	17,070,892	14,556,465	(1,291,401)	30,335,956
<i>Total Capital Assets, Not Being Depreciated</i>	<u>66,770,982</u>	<u>17,717,178</u>	<u>(1,368,786)</u>	<u>83,119,374</u>
<b>Capital Assets, Being Depreciated</b>				
Site Structures	4,371,674	75,000	0	4,446,674
Buildings	105,244,596	1,690,193	(22,935)	106,911,854
Machinery and Equipment	16,630,976	1,370,416	(489,609)	17,511,783
Vehicles	9,396,967	662,724	(152,712)	9,906,979
Infrastructure:				
Bridges	34,298,981	2,197,036	(35,490)	36,460,527
Fords	2,514,510	0	0	2,514,510
Dams	156,375	0	0	156,375
Tunnels	837,629	0	0	837,629
Roads	16,898,318	1,328,860	(279,281)	17,947,897
All Purpose Trails	16,176,720	137,999	(925,699)	15,389,020
Golf Course Cart Paths	1,056,524	0	(15,320)	1,041,204
Other Paved Areas	3,357,845	414,145	(1,022)	3,770,968
<i>Total Capital Assets, Being Depreciated</i>	<u>210,941,115</u>	<u>7,876,373</u>	<u>(1,922,068)</u>	<u>216,895,420</u>
Less Accumulated Depreciation:				
Site Structures	(1,884,949)	(241,330)	0	(2,126,279)
Buildings	(32,498,045)	(2,599,350)	14,335	(35,083,060)
Machinery and Equipment	(11,047,918)	(1,053,839)	251,837	(11,849,920)
Vehicles	(6,739,637)	(640,368)	135,217	(7,244,788)
Infrastructure:				
Bridges	(11,137,418)	(1,347,195)	21,299	(12,463,314)
Fords	(709,648)	(62,511)	0	(772,159)
Dams	(90,000)	(1,659)	0	(91,659)
Tunnels	(23,650)	(20,941)	0	(44,591)
Roads	(4,717,674)	(830,953)	279,281	(5,269,346)
All Purpose Trails	(6,658,822)	(762,550)	415,938	(7,005,434)
Golf Course Cart Paths	(500,908)	(52,060)	15,320	(537,648)
Other Paved Areas	(1,476,019)	(167,842)	1,022	(1,642,839)
<i>Total Accumulated Depreciation</i>	<u>(77,484,688)</u>	<u>(7,780,598)</u>	<u>1,134,249</u>	<u>(84,131,037)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>133,456,427</u>	<u>95,775</u>	<u>(787,819)</u>	<u>132,764,383</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$200,227,409</u>	<u>\$17,812,953</u>	<u>(\$2,156,605)</u>	<u>\$215,883,757</u>

**Cleveland Metropolitan Park District, Cuyahoga County**

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Depreciation expense for 2011 and 2010 was charged to governmental functions as follows:

	<u>2011</u>	<u>2010</u>
Park Operations	\$4,085,654	\$4,708,111
Zoo Operations	2,310,253	2,107,757
Golf Course	391,958	442,417
Rangers	236,874	238,161
Administration	<u>184,827</u>	<u>284,152</u>
Total	<u><u>\$7,209,566</u></u>	<u><u>\$7,780,598</u></u>

During 2011, the District received \$1,929,175 in building donations for the Wilderness Grill, Bay Arts/Fuller House and Seneca Clubhouse, and \$17,704,700 in land donations for the Brecksville, North Chagrin and Bedford Reservations. The District has recorded these as capital contributions.

During 2010, the District received \$62,800 in land donations for the Garfield Park and Bedford Reservations. The District has recorded this as a capital contribution.

**Note 12 - Long Term Obligations**

Changes in the long-term obligations of the District during 2011 and 2010 were as follows:

**2011**

	<u>Oustanding January 1</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Oustanding December 31</u>	<u>Amount Due in One Year</u>
Compensated Absences	\$5,638,458	\$661,664	(675,323)	\$5,624,799	\$1,970,064
Retrospective Workers ' Compensation	<u>860,914</u>	<u>376,509</u>	<u>(189,139)</u>	<u>1,048,284</u>	<u>187,369</u>
Total	<u><u>\$6,499,372</u></u>	<u><u>\$1,038,173</u></u>	<u><u>(\$864,462)</u></u>	<u><u>\$6,673,083</u></u>	<u><u>\$2,157,433</u></u>

**2010**

	<u>Oustanding January 1</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Oustanding December 31</u>	<u>Amount Due in One Year</u>
Compensated Absences	\$5,010,499	\$820,444	(\$192,485)	\$5,638,458	\$1,886,469
Retrospective Workers ' Compensation	<u>917,207</u>	<u>217,965</u>	<u>(274,258)</u>	<u>860,914</u>	<u>68,280</u>
Total	<u><u>\$5,927,706</u></u>	<u><u>\$1,038,409</u></u>	<u><u>(\$466,743)</u></u>	<u><u>\$6,499,372</u></u>	<u><u>\$1,954,749</u></u>

Compensated absences and the retrospective workers' compensation will be paid from the general fund.

## Cleveland Metropolitan Park District, Cuyahoga County

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### **Note 13 - Defined Benefit Pension Plan**

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The District's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$3,031,626, \$3,031,192, and \$2,652,632, respectively. For 2011, 95.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$149,447 made by the District and \$106,748 made by plan members.

## Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements  
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### **Note 14 - Postemployment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined 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 Ohio Revised Code 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 Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$1,272,429, \$1,798,661 and \$2,139,219, respectively. For 2011, 95.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

**Cleveland Metropolitan Park District, Cuyahoga County**

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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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 15 – Other Benefits**

***Compensated Absences***

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

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

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

***Health, Dental, Vision and Life Insurance***

For those employees who opt not to take part in the self-insurance PPO health insurance program, an option to select an HMO from Kaiser Permanente is provided and premiums are paid by the District, up to \$1,000 for family and \$425 for single. The District provides dental and vision through Aetna Dental and Union Eye Care. It also provides life insurance and accidental death and dismemberment insurance to its employees through SunLife Insurance.

***Flexible Benefit Plan***

Section 125 of the Internal Revenue Service (IRS) code permits the Flexible Benefit Plan, as established by the District. The Flexible Benefit Plan (FBP) allows employees to defer pay on a pre-tax basis to pay premium contribution(s) and Flexible Spending Accounts (FSA) reimbursements for qualified medical (up to \$3,120) and /or dependent care (up to \$5,000) expenses. The FSA accounts allow employees to pay for qualified out-of-pocket medical and dependent care expenses with pre-tax income. Amounts deposited into either of the FSA accounts may be used at the employee's discretion for qualified expenses incurred during the plan year (January 1 through March 15 of the following year). Deferral amounts put into the FSA accounts are deducted before Federal, State and Medicare taxes are withheld. A provision of the code provides that any funds left in the FSA declaration at the end of the plan year are forfeited (use it or lose it). Deferral amounts of \$49,663 and \$92,325 have been accrued as a liability in the agency fund at December 31, 2011 and December 31, 2010, respectively.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

**Note 16 - Contractual Commitments**

At December 31, 2011 and December 31, 2010, the District's significant contractual commitments in excess of \$50,000 consisted of:

**2011**

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Fechko Excavating	\$5,375,619	\$1,363,193	\$4,012,426
Seitz Builders	4,887,391	2,059,726	2,827,665
CLR Design	2,703,748	2,697,155	6,593
Floyd Browne Group	1,916,616	1,730,184	186,432
VASU Communications	450,516	224,977	225,539
Edge Group	315,985	302,642	13,343
Euthenics	297,502	296,104	1,398
Schultz and Williams Incorporated	199,080	190,877	8,203
Vancuren Services Incorporated	112,995	103,195	9,800
Huffman Equipment Rental	103,393	54,018	49,375
North Acres Development	96,000	53,120	42,880
Nature Serve	61,424	0	61,424
Davey Resource Group	60,676	44,978	15,698
Thomarios	56,949	56,791	158
New Creation Builders	54,990	45,000	9,990
Townsend Tree Service	53,665	37,193	16,472
Specialized Construction	51,700	0	51,700
<b>Total</b>	<u><u>\$16,798,249</u></u>	<u><u>\$9,259,153</u></u>	<u><u>\$7,539,096</u></u>

**2010**

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Marous Brothers	\$22,535,871	\$22,371,279	\$164,592
Clear Design Incorporated	2,658,246	2,632,845	25,401
Floyd Browne Group	1,626,853	1,608,070	18,783
Gecko Graphics	546,295	285,817	260,478
Chagrin Valley Paving	487,365	484,280	3,085
Kokosing Construction Company	401,433	63,629	337,804
Euthenics	272,192	268,216	3,976
Absolute Exteriors, Incorporated	238,150	170,135	68,015
RFC Contracting Incorporated	180,000	165,000	15,000
JJR, LLC	140,000	91,000	49,000
US Department of Interior	132,460	101,230	31,230
D.R.S. Enterprises, Incorporated	111,850	0	111,850
Schultz and Williams Incorporated	99,540	77,470	22,070
Davey Resource Group	60,676	18,657	42,019
Townsend Tree Service Company	53,665	28,093	25,572
<b>Total</b>	<u><u>\$29,544,596</u></u>	<u><u>\$28,365,721</u></u>	<u><u>\$1,178,875</u></u>

## Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2011 and 2010

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### Note 17 – Cleveland Zoological Society (Zoo Society)

#### *Summary of Significant Accounting Policies*

**Nature of Activities** The Cleveland Zoological Society (the “Zoo Society”) is a nonprofit organization established to promote the conservation and propagation of wildlife – particularly endangered species – primarily through the support of Cleveland Metroparks Zoo (the “Zoo”) which is owned and operated by Cleveland Metropolitan Park District (the “District”). The Zoo Society will engage the community in support of the Zoo and in its mission “to improve the future for wildlife” and will marshal the resources necessary to ensure that the Zoo remains one of the region’s preeminent destinations and ultimately one of the top five zoos in the country.

**Basis of Presentation** The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Zoo Society and changes therein are classified and reported as follows:

**Unrestricted Net Assets (Undesignated)** - Net assets that are not subject to donor-imposed restrictions. These include both undesignated and board-designated net assets.

**Board-Designed Unrestricted Net Assets** – Consists of net assets that can be used only for the specific purposes determined by a formal action of the Zoo Society’s Board of Trustees, which is the Zoo Society’s highest level of decision-making authority. Commitments may be changed or lifted only by the Zoo Society’s Board of Trustees taking the same formal action that imposed the constraint originally. The purpose of board-designated net assets is to provide funding to ensure the continuous operation of the Zoo Society (the Sustaining Fund) and to support initiatives to improve the future for wildlife (the ZooFutures Fund).

**Undesignated Unrestricted Net Assets** – Consists of net assets that are not subject to donor-imposed restrictions nor have been designated for a specific purpose by the Zoo Society’s Board of Trustees. The purpose of undesignated unrestricted net assets is to provide support for the daily operations and the mission of the Zoo Society.

**Reclassification** Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Functional Allocation of Expenses** The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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**Cash Equivalents** For purposes of the statements of cash flows, the Zoo Society considers unrestricted or short-term temporarily restricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Board-designated cash and cash equivalents are not considered cash and cash equivalents for purposes of the statements of cash flows. Applicable amounts have been classified as investments on the statements of financial position.

**Contributions and Pledges Receivable** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional pledges receivable are recognized as revenues in the period the promise is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. The pledges are stated at their estimated realizable value. Pledges that are to be received over a period of years are discounted to their present value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized into contribution revenue over the term of the respective pledge agreement.

The Zoo Society and the Zoo are financially interrelated entities, as described in Statement of Financial Accounting Standards, No. 136, *Transfers of Assets to a Not-for-Profit Organization of Charitable Trust that Raises or Holds Contributions for Others*, therefore, contributions raised by the Zoo Society on behalf of the Zoo are reported as temporarily restricted contribution revenues and amounts to be remitted to the Zoo are recorded as expense under the caption of "Cleveland Metropolitan Park District" in the accompanying statements of activities.

**Investments** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in investment income in the statements of activities.

**Property and Equipment** Property and equipment are depreciated utilizing the straight-line method over their estimated useful lives ranging from three to seven years. The Zoo Society capitalizes purchases or donations of property and equipment that exceed \$500. Purchased property and equipment are stated at cost.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

**Split-Interest Agreements** The Zoo Society receives gift annuities where donors contribute assets in exchange for the right to receive an annual return during their lifetimes. Upon receipt of a gift annuity, the Zoo Society records the fair value of the assets received and records a liability for the estimated present value of future cash outflows to the annuitant, determined on an actuarial basis, as a "liability under split-interest agreements" in the accompanying statements of financial position. The difference between the fair value of the assets received and the estimated liability is recorded as unrestricted, temporarily restricted, or permanently restricted contribution revenue in accordance with the donor's intent in the accompanying statements of activities.

Assets received under charitable remainder trust agreements are recorded at their fair value as "charitable remainder trust" in the accompanying statements of financial position. A liability for the present value of anticipated future cash outflows to the annuitant, determined on an actuarial basis, are recorded as



## Cleveland Metropolitan Park District, Cuyahoga County

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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“liability under split-interest agreements” in the accompanying statements of financial position. The difference between the fair value of the assets received and the estimated liability is recorded as either temporarily restricted or permanently restricted contribution revenue in the accompanying statements of activities dependent upon the donor’s intent. Upon the death of an annuitant, the Zoo Society reclassifies such investments into the general assets of the Zoo Society in accordance with the provisions of such trusts.

The Zoo Society also has beneficial interests in perpetual trusts. The Zoo Society records its share of the fair market value of such trusts as long-term assets and permanently restricted contribution revenue at the date it is notified of its interest in such trusts. As the Zoo Society receives distributions from these trusts, it records the distributions as interest income. The interest income is classified as either unrestricted or temporarily restricted in accordance with the terms of the trust agreement. Changes in the fair value of the Zoo Society’s interest in the perpetual trusts are recorded as permanently restricted gains/losses in the accompanying statements of activities under the caption “change in value of beneficial interest in perpetual trusts”.

***In-Kind Contributions*** In-kind contributions are reflected as revenues at their estimated fair value at the date of donation. The Zoo Society reports gifts of media support, food for special events, and other non-monetary contributions as unrestricted revenue and expense in the accompanying statements of activities unless accompanied by explicit donor-imposed restrictions, in which case, the contributions would be recorded as either temporarily or permanently restricted revenues in accordance with the donor restrictions.

***Contributed Services*** The Zoo Society recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

***Income Taxes*** The Zoo Society is tax exempt, under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) of 1986. No provision for Federal income taxes has been reported in its financial statements. In addition, the Zoo Society has been classified as an organization that is not a “private foundation” within the meaning of Section 509(a) of the IRC.

In accordance with Financial Accounting Standards Board (FASB) Staff Position 48-3, the Zoo Society has elected to defer implementation of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes”. Uncertain income tax positions are evaluated at least annually by management. The Zoo Society’s current policy is to follow FASB Statement of Financial Accounting Standard (SFAS) No. 5, “Accounting for Contingencies”, when determining whether to accrue or disclose uncertain income tax positions.

***Concentrations of Credit Risk*** Financial instruments which potentially subject the Zoo Society to concentrations of credit risk consist of cash and temporary investments, investment securities, and pledges receivable.

The Zoo Society has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Trustees. The investment advisors are required to manage the Zoo Society’s investments in accordance to its investment policy. The investment policy contains investment criteria that the Zoo Society believes should reduce, to an extent, the potential for significant concentrations of credit risk. Though the market value of investments is subject to fluctuations on a year to year basis, the Trustees believe that the investment policy is prudent for the long-term welfare of the Zoo Society.

## Cleveland Metropolitan Park District, Cuyahoga County

### Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010

Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the foundations, corporations and individuals who comprise the contributor base.

At various times during the years ended December 31, 2011 and 2010, the Zoo Society's cash in bank balances exceeded the federally insured limits. The Zoo Society places its cash and temporary investments with creditworthy, high quality financial institutions.

**Advertising** Advertising costs are expensed when incurred and included in program and supporting expenses. Total advertising cost expensed was \$56,057 and \$19,916 in 2011 and 2010, respectively.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following at December 31, 2011 and 2010:

	2011	2010
Unrestricted - available for operating expenses	\$1,587,704	\$2,612,112
Restricted for African Elephant Crossing	0	371,648
Donor restricted for short-term purposes	470,928	436,345
Board designated for short-term purposes	10,819	44,348
Board designated for African Elephant Crossing	133,000	0
	<u>\$2,202,451</u>	<u>\$3,464,453</u>

#### **Pledges Receivable**

During 2005, The Zoo Society approved a conditional fundraising campaign in the amount of \$12.5 million to support one of the Zoo's major capital improvements, the African Elephant Crossing (the "AEC"), as well as non-capital initiatives related to the project (e.g., programming for education, conservation, and research; fundraising expenses incurred related to the campaign and related initiatives; and marketing sponsorships for dedicating and opening the new facility and raising awareness of the Zoo and the Zoo Society). The Zoo Society's commitment to the Zoo was contingent upon the ability to raise such funding from the proceeds of the capital campaign and on the Zoo approving the project. During 2008, the Zoo broke ground on the project.

During fiscal 2006, the Zoo Society received a conditional promise to give to the AEC campaign from a donor whose goal was to help the Zoo Society raise \$750,000. The promise was conditioned upon the Zoo Society raising new gifts, in individual amounts of \$25,000 or greater, for which the donor would match one-half of such amounts raised up to a maximum match of \$250,000. During 2007, the Zoo Society raised sufficient amounts to recognize this conditional promise in its entirety. At December 31, 2011 and 2010, \$0 and \$50,000 was included in pledges receivable, respectively, related to this promise to give.

During 2008, the Zoo Society received a conditional promise to give to the AEC campaign from the Ohio Cultural Facilities Commission (OCFC). The conditional promise came in the form of a capital funds appropriation in the amount of \$150,000. The promise is conditioned upon the AEC project becoming fully funded, open to the public and the execution of a joint use agreement with a higher education institution. As of December 31, 2011, the joint use agreement was not executed and accordingly, no amount related to this conditional promise has been recognized as revenue by the Zoo Society during the years ended December 31, 2011 and 2010.

## Cleveland Metropolitan Park District, Cuyahoga County

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During 2009, the Zoo Society received a challenge grant in the amount of \$725,000. The grant was conditioned upon the Zoo Society raising the remainder of AEC funds within the challenge period. The total amount of funds needed to be raised to meet this condition was \$1,479,223. The challenge period ran through April 30, 2011. All new funds raised during the challenge period count toward meeting the conditions of the challenge grant. The Zoo Society raised the appropriate amount of funds during 2011 and included the entire amount of this conditional grant on the 2011 statement of activities as capital campaign revenue.

During 2008, the Zoo Society received a conditional promise to give (cost-reimbursement grant) from the Institute of Museum and Library Services for the Cleveland Metroparks Zoo's Conservation Medicine Program in the amount of \$142,666. For the years ended December 31, 2011 and 2010, the Zoo Society had incurred costs of \$35,558 and \$0, respectively, and recognized revenues of \$35,558 and \$0, respectively, related to this conditional promise to give.

Pledges receivable, net of applicable discounts to net present value and allowance for uncollectible pledges receivable, are comprised of the following at December 31:

	2011	2010
Unrestricted - available for operating expenses	\$37,786	\$37,055
Restricted for African Elephant Crossing	709,780	1,176,773
Other temporary restricted	10,008	57,510
	<u>\$757,574</u>	<u>\$1,271,338</u>

Pledges were discounted to their present value assuming their respective terms and discount rates ranging from 2.82 percent to 7.25 percent dependent upon prevailing rates in the year in which a pledge is received. The pledges receivable are scheduled to be collected as follows:

	2011	2010
Payable within one year	\$513,352	\$801,899
Payable in two years	100,000	325,254
Payable in three years	100,000	100,000
Payable in four years	100,000	100,000
Payable in five years	100,289	100,000
Thereafter	0	100,289
	<u>913,641</u>	<u>1,527,442</u>
Less discounts to net present value	(125,582)	(213,118)
Less allowance for uncollectible pledges receivable	<u>(30,485)</u>	<u>(42,986)</u>
Net pledges receivable	<u>\$757,574</u>	<u>\$1,271,338</u>

During 2010, the Zoo Society borrowed cash, in the amount of \$1,500,000, from funds other than AEC designated fund (see Interfund Balances section). All amounts recognized prior to December 31, 2010 are encumbered for this purpose and until such funds have been replenished.

### **Marketable Securities**

Included in marketable securities at December 31, 2011 and 2010, was \$6,130,657 and \$3,675,751, respectively, of board-designated net assets.

**Cleveland Metropolitan Park District, Cuyahoga County**

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*For The Years Ended December 31, 2011 and 2010*

	2011		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$143,754	\$2,350	\$146,104
Net realized and unrealized gains	7,888	0	7,888
<b>Total</b>	<b>\$151,642</b>	<b>\$2,350</b>	<b>\$153,992</b>

  

	2010		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$124,765	\$2,350	\$127,115
Net realized and unrealized gains	183,965	0	183,965
<b>Total</b>	<b>\$308,730</b>	<b>\$2,350</b>	<b>\$311,080</b>

Investment management fees of \$0 and \$7,899 for the years ended December 31, 2011 and 2010, respectively, were expensed and included in management and general expenses.

***Fair Value Measurements***

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the Zoo Society uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

Financial assets (liabilities) consisted of the following:

	2011		
	Level 1	Level 2	Total
Cash in money market and short-term deposits	\$9,854	\$0	\$9,854
Mutual funds - equities	52,818	0	52,818
Mutal funds - fixed income	46,516	0	46,516
Total bond market index fund	1,659,640	0	1,659,640
Total international stock fund	593,542	0	593,542
Prime money market index fund	393,322	0	393,322
Total stock market index fund	3,638,449	0	3,638,449
Beneficial interest in perpetual trusts	0	516,018	516,018
	<b>\$6,394,141</b>	<b>\$516,018</b>	<b>\$6,910,159</b>

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

**2010**

	Level 1	Level 2	Total
Cash in money market and short-term deposits	\$1,255,481	\$0	\$1,255,481
Equities	101,996	0	101,996
Mutal funds - equities	2,895,310	0	2,895,310
Mutal funds - fixed income	908,312	0	908,312
Beneficial interest in perpetual trusts	0	540,277	540,277
	<u>\$5,161,099</u>	<u>\$540,277</u>	<u>\$5,701,376</u>

***Board-Designated Net Assets***

The Board of Trustees established and maintains two board-designated funds, the Sustaining Fund and the ZooFutures Fund.

The Sustaining Fund was established in 1991 with the express purpose of ensuring the Zoo Society's continuing existence by providing a source of operating funds to the Zoo Society in the event of economic hardship. During 2010, the Sustaining Fund lent \$1,000,000 in cash to the Zoo Society. In 2012, the Sustaining Fund Policy was amended by the Executive Committee based upon recommendation from the Finance Committee. The Sustaining Fund may, in year 2011 and beyond, be used to provide for discretionary annual distributions. Such distributions, if any, shall be limited in the aggregate to an amount which shall not exceed in any calendar year a sum equal to five percent (5%) of the Sustaining Fund's assets. No discretionary annual distributions from the Sustaining Fund were approved or made in 2011.

The ZooFutures Fund was established in 1998 with the express purpose of receiving planned gifts and other contributions and to act similar to an endowment (quasi-endowment) which is administered and operated in support of Zoo Society activities.

Board-designated net assets for these funds are as follows at December 31:

	2011	2010
Sustaining Fund	\$4,959,951	\$2,465,269
ZooFutures Fund	2,180,450	2,210,482
African Elephant Crossing	133,000	0
Special Projects Allocations	32,964	44,348
	<u>\$7,306,365</u>	<u>\$4,720,099</u>

***Net Asset Classification of Endowment Funds***

The Zoo Society's Zoo Futures Fund consists of one fund established to fund a variety of programs. The Zoo Futures Fund includes both donor-restricted funds and board-designated funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

The Board of Trustees of the Zoo Society has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Zoo Society classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value or subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Zoo Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Zoo Society and the donor-restricted endowment fund.
3. General economic conditions.
4. The investment policies of the Zoo Society.

During the years ended December 31, 2011 and 2010, the Zoo Society had the following endowment-related activities:

<b>2011</b>			
	Donor-Restricted Endowment Funds	Board-Designated Quasi-Endowment Funds	Total
Investment return			
Investment income	\$2,350	\$51,781	\$54,131
Net appreciation (depreciation)	0	(47,488)	(47,488)
Contributions to perpetual endowment	0	50,697	50,697
Amounts appropriated for expenditure	(2,350)	(85,022)	(87,372)
Total change in endowment funds	<u>\$0</u>	<u>(\$30,032)</u>	<u>(\$30,032)</u>
<b>2010</b>			
	Donor-Restricted Endowment Funds	Board-Designated Quasi-Endowment Funds	Total
Investment return			
Investment income	\$2,350	\$49,448	\$51,798
Net appreciation (depreciation)	0	109,340	109,340
Contributions to perpetual endowment	0	134,727	134,727
Amounts appropriated for expenditure	(2,350)	(102,479)	(104,829)
Transfer to add asset to board-designated quasi-endowments funds	0	(115,606)	(115,606)
Total change in endowment funds	<u>\$0</u>	<u>\$75,430</u>	<u>\$75,430</u>

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

Endowment net asset composition by type of fund for December 31, 2011 and 2010 are:

<b>2011</b>			
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$0	\$47,000	\$47,000
Board-designated quasi-endowment funds	2,180,450	0	2,180,450
	<u>\$2,180,450</u>	<u>\$47,000</u>	<u>\$2,227,450</u>

<b>2010</b>			
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$0	\$47,000	\$47,000
Board-designated quasi-endowment funds	2,210,482	0	2,210,482
	<u>\$2,210,482</u>	<u>\$47,000</u>	<u>\$2,257,482</u>

Changes in endowment net assets for the fiscal years ended December 31, 2010 and 2009 are:

<b>2011</b>				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$2,210,482	\$0	\$47,000	\$2,257,482
Investment return:				
Investment income	51,781	2,350	0	54,131
Net realized and unrealized appreciation (depreciation)	(47,488)	0	0	(47,488)
Contributions to perpetual endowment	50,697	0	0	50,697
Appropriation of endowments assets for expenditure	(85,022)	(2,350)	0	(87,372)
Endowment net assets, end of year	<u>\$2,180,450</u>	<u>\$0</u>	<u>\$47,000</u>	<u>\$2,227,450</u>

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

	<b>2010</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$2,135,052	\$0	\$47,000	\$2,182,052
Investment return:				
Investment income	49,448	2,350	0	51,798
Net realized and unrealized appreciation (depreciation)	109,340	0	0	109,340
Contributions to perpetual endowment	134,727	0	0	134,727
Appropriation of endowments assets for expenditure	(102,479)	(2,350)	0	(104,829)
Transfers to add board-designated quasi-endowment funds	<u>(115,606)</u>	<u>0</u>	<u>0</u>	<u>(115,606)</u>
Endowment net assets, end of year	<u>\$2,210,482</u>	<u>\$0</u>	<u>\$47,000</u>	<u>\$2,257,482</u>
			<u><b>2011</b></u>	<u><b>2010</b></u>
Permanently restricted net assets:				
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA			<u>\$47,000</u>	<u>\$47,000</u>
Total endowment funds classified as permanently restricted net assets			<u>\$47,000</u>	<u>\$47,000</u>

***Return Objectives and Risk Parameters*** The Zoo Society has adopted investment and spending policies for the Zoo Futures Fund that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. Assets include those assets of donor-restricted funds that the Zoo Society must hold in perpetuity or for a donor-specific period(s), as well as board-designated funds. Under this policy, as approved by the Board of Trustees, investments of all Zoo Society assets are directed by the Investment Committee of the Zoo Society utilizing professional managers. The standard for the Investment Committee with regard to Zoo Futures Fund assets shall be the preservation of corpus while prudently maximizing real growth. The Zoo Society will conduct a quarterly monitoring of the portfolio. Investment performance will be measured against comparative market indices including the Standard & Poor 500 Index and the Lehman Brothers Aggregate Bond Index. The performance of the overall portfolio will also be monitored quarterly and compared against appropriate benchmarks.

***Strategies Employed for Achieving Objectives*** To satisfy its long-term rate-of-return objectives, the Zoo Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Zoo Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy*** Recommendations for the use of Zoo Futures Fund assets free of donor restriction shall be the responsibility of a Zoo Futures Grants Committee (the "Grants Committee"). Recommendations of the Grants Committee shall be subject to confirmation by the Zoo Society's Executive Committee. Grants from the Zoo Futures Fund shall be in support of Zoo and Zoo Society activities, zoological conservation, and such other purposes that the Zoo Society's Board of Trustees shall deem appropriate. Except in special circumstances, and except for recommending specific uses of generally restricted donor funds, the Grants Committee shall limit its recommendations in the aggregate to an amount which shall not exceed in any calendar year a sum equal to 5 percent of the Zoo Futures Fund assets.



## Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements  
For The Years Ended December 31, 2011 and 2010

### *Split-Interest Agreements*

The Zoo Society administers various charitable gift annuities. Under these agreements, the Zoo Society remits fixed payments to the donors on a quarterly basis. Interest rates range from 5 percent to 8.9 percent. Using applicable mortality tables, quarterly payments are estimated to extend through 2034. Investments, primarily mutual funds, held in charitable gift annuities aggregated \$101,911 and \$117,993 at December 31, 2011 and 2010, respectively, and are reported at fair value in the statements of financial position. Included in liability under split-interest agreements is \$71,180 and \$76,701 at December 31, 2011 and 2010, respectively, related to these agreements.

Beneficial interest in perpetual trusts include two separate trust funds that have been instructed to provide the Zoo Society with the unrestricted use of the Zoo Society's respective portion of the trusts' income in accordance with the trusts' documents. The Zoo Society has an irrevocable right to receive the income from the trusts' assets in perpetuity. The Zoo Society's share of the trusts' assets which had a market value on December 31, 2011 and 2010 of \$516,018 and \$540,277, respectively, are included in the accompanying statements of financial position. The trusts' investments are managed by external trustees designated by the donors. As such, the Zoo Society does not control the allocation of the trusts' investments.

### *In-Kind Contributions*

For the years ended December 31, 2011 and 2010, \$121,136 and \$100,884, was included as unrestricted special events support and revenues and expenses on the statements of activities, respectively.

### *Restrictions on Net Assets*

Temporarily restricted net assets are available for the following purposes at December 31:

	2011	2010
African Elephant Crossing	\$460,630	\$0
Conservation and science grants	229,987	176,839
Conservation and education grants	74,196	27,907
Marketing sponsorships	47,515	157,043
Technology	0	43,768
Neotropical research	55,000	50,000
Stratigic planning	2,549	24,798
Digital radiology	15,000	13,500
	<u>\$884,877</u>	<u>\$493,855</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenditures satisfying the purpose restrictions specified by donors as follows during the years ended December 31:

## Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements  
For The Years Ended December 31, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Conservation education	\$43,446	\$112,869
Conservation and science	235,918	117,350
Neotropical research	45,000	50,270
Sponsorships	244,248	168,724
Technology	43,768	43,911
Strategic planning	22,249	50,201
Digital radiology	22,000	0
Endowment	2,350	2,350
Capital campaign	1,071,943	768,487
Other capital campaign costs	168,562	97,655
	<u>\$1,899,484</u>	<u>\$1,411,817</u>

Permanently restricted net assets aggregating \$563,018 and \$587,491 at December 31, 2011 and 2010, respectively, consist of endowment fund assets to be held in perpetuity and beneficial interests in perpetual trusts.

### *Allocation of Joint Cost*

For the years ended December 31, 2011 and 2010, the Zoo Society incurred joint costs for information materials and activities that included fundraising appeals. The Zoo Society allocated these joint costs as follows:

	<u>2011</u>	<u>2010</u>
Fundraising	\$130,089	\$95,608
Program services	208,748	207,450
	<u>\$338,837</u>	<u>\$303,058</u>

### *Cleveland Metropolitan Park District*

The Zoo Society has historically provided support to Cleveland Metropolitan Park District for a variety of Zoo programs and functions. Support is summarized below for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Metroparks agreement	\$2,013,534	\$1,769,413
Education expenditures	248,488	345,528
Conservation expenditures	227,918	136,985
Boo at the Zoo	14,553	29,000
Levy support and lobbying	10,000	35,000
Senior Day	3,007	9,116
Other miscellaneous Zoo functions	129,688	130,608
Neotropical research	45,000	50,270
Capital Campaign	1,071,943	768,487
	<u>\$3,764,131</u>	<u>\$3,274,407</u>

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

### *Notes To The Basic Financial Statements For The Years Ended December 31, 2011 and 2010*

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In September 1997, the Zoo Society entered into an agreement with the District, with an initial term of seven years, which requires the Zoo Society to remit to the District a specific percentage equivalent to its aggregate annual membership contributions for membership categories where the dues are \$125 or less. This percentage began at 55 percent in 1998 and progressively increased to a maximum level of 70 percent for 2002 and thereafter. The agreement has an ongoing annual renewal clause that grants the parties the ability to request renegotiation or cancellation. In the absence of specific action on behalf of either party, the agreement automatically renews for another year. Under this agreement, the Zoo Society has recorded aggregate Zoo support of \$2,013,534 and \$1,769,413 for 2011 and 2010, respectively.

Included in “Amounts due to Cleveland Metropolitan Park District – Operating agreement” on the statements of financial position is \$683,125 and \$598,588 which is owed to the District under the above agreement at December 31, 2011 and 2010, respectively. In January 2010, the Executive Committee of the Zoo Society approved the remittance of \$3,500,000 to the Cleveland Metropolitan Park District, as of or before December 15, 2010, as part of the Zoo Society’s African Elephant Crossing campaign commitment. This remittance resulted in a prepayment of funds due to the Cleveland Metropolitan Park District under a conditional promise of \$71,943 at December 31, 2010. The Zoo Society and the District do not have a formal agreement as to the timing of when the payments will be made to the District.

Included in “Accounts payable and accrued expenses” on the statements of financial position is \$73,044 and \$0 which is owed to the District for various expenses at December 31, 2011 and 2010, respectively.

#### ***Defined Contribution Plans***

Effective January 1, 1999, the Zoo Society adopted a 403(b) defined contribution plan (the “Plan”). The Plan covers all employees who work 1,000 hours or more during a calendar year. Each participant may elect to defer a portion of their annual compensation and the Zoo Society will make a matching contribution up to 3 percent of the participant’s compensation. During 2010 and 2009 (the latest information available), the amount of expense related to this plan was \$41,240 and \$46,004, respectively.

Effective January 1, 2005, the Zoo Society adopted a 457(b) executive deferred compensation plan (the “Executive Plan”). Participation in the plan is limited to those determined eligible by the Committee of Plan Trustees. Participants may elect annually to defer a portion of their compensation. The Committee may annually elect to provide employer contributions to the plan. Participants are immediately vested in their elected deferral amounts and vest in the employer contributions over a five-year service period or upon their death or permanent disability. During 2011 and 2010, the amount of expense related to this Executive Plan was \$10,000.

#### ***Related Party Transactions***

At December 31, 2011 and 2010, \$187,988 and \$362,850 of pledges receivable and \$551,285 and \$461,896 of support and revenue, respectively, were from related parties, primarily trustee and trustee-related organizations.

The Zoo Society receives donated rent for its office facility from the Zoo. The amount of such rent cannot be reasonably estimated due to the unique nature of the space. Therefore, no amounts are recorded on the statements of activities for the years ended December 31, 2011 or 2010.

**Cleveland Metropolitan Park District, Cuyahoga County**

*Notes To The Basic Financial Statements*

*For The Years Ended December 31, 2011 and 2010*

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***Interfund Balances***

Interfund balances at December 31, 2011 and 2010, consisted as follows:

2011				
<u>Due from Fund</u>	<u>Due to Fund</u>			
	<u>Sustaining</u>	<u>Total</u>		
African Elephant Crossing	\$1,000,000	\$1,000,000		

  

2010				
<u>Due from Fund</u>	<u>Due to Fund</u>			
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Sustaining</u>	<u>Total</u>
African Elephant Crossing	\$250,000	\$250,000	\$1,000,000	\$1,500,000

In January 2010, the Executive Committee approved the remittance of \$3,500,000 to the Cleveland Metropolitan Park District, as of or before December 15, 2010, as part of Zoo Society's African Elephant Crossing campaign commitment. This remittance required the borrowing of cash from Zoo Society funds other than the African Elephant Crossing fund to meet this commitment. The borrowings are to be repaid from the proceeds of the collection of pledges due to the African Elephant Crossing campaign.

The balances due to the Sustaining Fund will commence repayment in 2012 with complete repayment scheduled in subsequent years.

***Subsequent Events***

In preparing these financial statements, the Zoo Society has evaluated events and transactions for potential recognition or disclosure through April 25, 2012, the date the financial statements were available to be issued.



# Dave Yost • Auditor of State

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

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

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 18, 2012, wherein we noted the District implemented Government Auditing Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Our report refers to other auditors. 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*. Other auditors audited the financial statements of the Cleveland Zoological Society, the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

### 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 18, 2012



# Dave Yost • Auditor of State

**CLEVELAND METROPOLITAN PARK DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 4, 2012**