

**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2011 and 2010

BONNIE BURNS, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Lorain County Metropolitan Park District, Lorain County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 6, 2012

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**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

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

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lorain County Metropolitan Park District, Lorain County, Ohio, as of and for the years ended December 31, 2011 and 2010 which collectively comprise the Lorain County Metropolitan Park District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lorain County Metropolitan Park District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2.C., the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Lorain County Metropolitan Park District, Lorain County, Ohio, as of December 31, 2011 and 2010, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund for the years then ended in conformity with the accounting basis Note 2.C. describes.

Lorain County Metropolitan Park District
Independent Accountants' Report
Page Two

As described in Note 3, during 2011 and 2010 the Lorain County Metropolitan Park District adopted Governmental 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 May 30, 2012, on our consideration of the Government'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.

We conducted our audit to opine on the Lorain County Metropolitan Park District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Julian & Grube, Inc.
May 30, 2012

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and December 31, 2010
Unaudited

This management's discussion and analysis of Lorain County Metropolitan Park District, Lorain County, Ohio (the "Park District") financial performance provides an overall review of the Park District's financial activities for the year ended December 31, 2011 and December 31, 2010, within the limitations of the Park District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Park District's financial performance.

Highlights

Key highlights are as follows:

For 2011, net assets of governmental activities increased \$1,293,043 or 17.35 percent, a significant change from the prior year. The Park District's general receipts are primarily property and other local taxes. These receipts represent 61.85 percent of the total cash received for activities during the year.

For 2010, net assets of governmental activities increased \$1,630,462 or 28.00 percent, a significant change from the prior year. The Park District's general receipts are primarily property and other local taxes. These receipts represent 63.44 percent of the total cash received for activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Park District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Park District as a whole.

The notes to the financial statements are an integral part of the government-wide financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Park District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Park District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and December 31, 2010
Unaudited

Reporting the Park District as a Whole

The statement of net assets and the statement of activities reflect how the Park District did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Park District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or draws from the Park District's general receipts.

These statements report the Park District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Park District's financial health. Over time, increases or decreases in the Park District's cash position is one indicator of whether the Park District's financial health is improving or deteriorating. When evaluating the Park District's financial condition, you should also consider other nonfinancial factors as well, such as the Park District's property tax base, the condition of the Park District's capital assets and infrastructure, the extent of the Park District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and other taxes.

In the statement of net assets and the statement of activities, we express the Park District's activities as the following:

Governmental activities: As of this time all of the Park District's basic services are reported here. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Park District's Most Significant Funds

Fund financial statements provide detailed information about the Park District's major funds - not the Park District as a whole.

Governmental Fund - Currently all of the Park District's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Park District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Park District's programs. The Park District's significant governmental fund is the General Fund. The programs reported in the governmental fund are closely related to those reported in the governmental activities section of the entity-wide statements.

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and December 31, 2010
Unaudited

The Park District as a Whole

Table 1 provides a summary of the Park District's net assets for 2011 compared to 2010 and 2009 on a cash basis.

(Table 1)

Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Governmental Activities 2009
Assets			
Cash and Cash Equivalents	\$8,351,176	\$7,186,735	\$5,823,641
Cash and Cash Equivalents with Fiscal Agent	395,970	267,368	0
Total Assets	\$8,747,146	\$7,454,103	\$5,823,641
Net Assets			
Unrestricted	\$8,747,146	\$7,454,103	\$5,823,641
Total Net Assets	\$8,747,146	\$7,454,103	\$5,823,641

As mentioned previously, net assets of governmental activities increased \$1,293,043 or 17.35 percent during 2011 and increased \$1,630,462 or 28.00 percent during 2010.

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and December 31, 2010
Unaudited

Table 2 provides a summary of the Park District's changes in net assets for 2011 compared to 2010 and 2009 on a cash basis.

(Table 2)
Changes in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Receipts:			
Program Receipts:			
Charges for Service and Sales	\$1,398,765	\$1,400,475	\$1,142,679
Operating Grants and Contributions	1,048	32,666	30,010
Capital Grants and Contributions	544,310	247,500	0
Total Program Receipts	<u>1,944,123</u>	<u>1,680,641</u>	<u>1,172,689</u>
General Receipts:			
Property Taxes	6,974,842	6,919,625	6,903,274
Grants and Entitlements Not Restricted to Specific Programs	1,308,767	1,525,797	1,501,841
Earnings Investments	78,108	12,575	34,925
Donations	430,462	657,567	0
Miscellaneous	541,594	111,429	437,595
Total General Receipts	<u>9,333,773</u>	<u>9,226,993</u>	<u>8,877,635</u>
Total Receipts	<u>11,277,896</u>	<u>10,907,634</u>	<u>10,050,324</u>
Disbursements:			
Salaries	3,264,789	3,154,738	3,118,969
Fringe Benefits	1,122,148	1,074,201	1,033,340
Materials and Supplies	463,944	431,574	434,816
Equipment	250,000	234,681	222,831
Purchase Services	900,837	903,457	807,885
Capital Outlay	3,127,375	2,848,956	4,930,642
Other	855,760	629,565	579,419
Total Disbursements	<u>9,984,853</u>	<u>9,277,172</u>	<u>11,127,902</u>
Increase (Decrease) in Net Assets	1,293,043	1,630,462	(\$1,077,578)
Net Assets, January 1	<u>7,454,103</u>	<u>5,823,641</u>	<u>6,901,219</u>
Net Assets, December 31	<u><u>\$8,747,146</u></u>	<u><u>\$7,454,103</u></u>	<u><u>\$5,823,641</u></u>

Program receipts represent only 17.24 percent in 2011 and 15.41 percent in 2010 of total receipts and are primarily comprised of aquatic facility receipts and golf course fees.

General receipts represent 82.76 percent in 2011 and 84.59 percent in 2010 of the Park District's total receipts, and of this amount, 74.73 percent in 2011 and 74.99 percent in 2010 are property taxes. Unrestricted entitlements and grants, interest and other miscellaneous receipts make up the balance of the Park District's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
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For the Years Ended December 31, 2011 and December 31, 2010
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Disbursements for General Government represent the overhead costs of running the Park District and the support services provided for the other Park District activities. These include the costs of payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities on page 10 and 15, you will see that the first column lists the major services provided by the Park District. The next column identifies the costs of providing these services. The major disbursements for governmental activities were for capital improvements and salaries in 2011 and 2010, which account for 31.32 percent and 32.70 percent, respectively, in 2011 and 30.71 percent and 34.01 percent, respectively, in 2010 of all governmental disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Park District that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net Assets column compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

Governmental Activities	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Salaries	\$ 3,264,789	\$ (1,864,976)	\$ 3,154,738	\$ (1,754,263)	\$ 3,118,969	\$ (1,976,290)
Fringe Benefits	1,122,148	(1,122,148)	1,074,201	(1,074,201)	1,033,340	(1,033,340)
Materials and Supplies	463,944	(463,944)	431,574	(427,574)	434,816	(434,816)
Equipment	250,000	(250,000)	234,681	(223,015)	222,831	(222,831)
Purchased Services	900,837	(900,837)	903,457	(886,457)	807,885	(807,885)
Capital Outlay	3,127,375	(2,583,065)	2,848,956	(2,601,456)	4,930,642	(4,900,632)
Other	<u>855,760</u>	<u>(855,760)</u>	<u>629,565</u>	<u>(629,565)</u>	<u>579,419</u>	<u>(579,419)</u>
Total Expenses	\$ <u>9,984,853</u>	\$ <u>(8,040,730)</u>	\$ <u>9,277,172</u>	\$ <u>(7,596,531)</u>	\$ <u>11,127,902</u>	\$ <u>(9,955,213)</u>

The dependence upon property tax and other general receipts is apparent as 80.53 percent in 2011 and 81.88 percent in 2010 of governmental activities are supported through these general receipts.

LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and December 31, 2010
Unaudited

The Park District's Funds

In 2011, total governmental funds had receipts of \$11,277,896 and disbursements of \$9,984,853. General Fund receipts were more than disbursements by \$1,293,043. The fund had a positive fund balance of \$8,747,146 as of December 31, 2011.

In 2010, total governmental funds had receipts of \$10,907,634 and disbursements of \$9,277,172. General Fund receipts were more than disbursements by \$1,630,462. The fund had a positive fund balance of \$7,454,103 as of December 31, 2010.

General Fund Budgeting Highlights

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

Capital Assets and Debt Administration

Capital Assets

The Park District maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

Debt Administration

At December 31, 2011 and 2010, the Park District has no outstanding debt obligations.

Current Issues

The challenge for all Park Districts is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Park Commissioners and Treasurer reviewed our sources of revenue and determined that increases were likely. We then reviewed the disbursement history of the Park District.

Contacting the Park District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Park District's finances and to reflect the Park District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Bonnie Burns, Treasurer, Lorain County Metropolitan Park District, 12882 Diagonal Road, Lagrange, Ohio 44050.

Lorain County Metropolitan Park District
Lorain County
Statement of Net Assets - Cash Basis
December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,351,176
Cash and Cash Equivalents with Fiscal Agent	<u>395,970</u>
<i>Total Assets</i>	<u><u>\$8,747,146</u></u>
Net Assets	
Unrestricted	<u>\$8,747,146</u>
<i>Total Net Assets</i>	<u><u>\$8,747,146</u></u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities				
Current:				
Parks and Recreation:				
Salaries	\$3,264,789	\$1,398,765	\$1,048	(\$1,864,976)
Fringe Benefits	1,122,148			(1,122,148)
Materials and Supplies	463,944			(463,944)
Equipment	250,000			(250,000)
Purchased Services	900,837			(900,837)
Other	855,760			(855,760)
Capital Outlay	3,127,375			(2,583,065)
<i>Total Governmental Activities</i>	<u>\$9,984,853</u>	<u>\$1,398,765</u>	<u>\$1,048</u>	<u>(8,040,730)</u>
General Receipts:				
Property Taxes Levied for General Purposes				6,974,842
Grants/Entitlements not Restricted to Specific Programs				1,308,767
Earnings on Investments				78,108
Donations				430,462
Miscellaneous				541,594
<i>Total General Receipts</i>				<u>9,333,773</u>
Change in Net Assets				1,293,043
<i>Net Assets Beginning of Year</i>				<u>7,454,103</u>
<i>Net Assets End of Year</i>				<u><u>\$8,747,146</u></u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Assets and Fund Balance - Cash Basis
Governmental Funds
December 31, 2011

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,351,176
Cash and Cash Equivalents with Fiscal Agent	<u>395,970</u>
<i>Total Assets</i>	<u><u>\$8,747,146</u></u>
Fund Balance	
Committed	\$6,325,000
Unassigned	<u>2,422,146</u>
<i>Total Fund Balance</i>	<u><u>\$8,747,146</u></u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis
Governmental Fund
For the Year Ended December 31, 2011

	General
Receipts	
Property Taxes	\$6,974,842
Charges for Services	1,223,573
Licenses, Permits and Fees	175,192
Intergovernmental:	
Apportionments	1,308,767
Grants	545,358
Earnings on Investments	78,108
Donations	430,462
Miscellaneous	541,594
	11,277,896
<i>Total Receipts</i>	<i>11,277,896</i>
Disbursements	
Current:	
Parks and Recreation:	
Salaries	3,264,789
Fringe Benefits	1,122,148
Materials and Supplies	463,944
Equipment	250,000
Purchased Services	900,837
Other	855,760
Capital Outlay	3,127,375
	9,984,853
<i>Total Disbursements</i>	<i>9,984,853</i>
<i>Net Change in Fund Balance</i>	<i>1,293,043</i>
<i>Fund Balance Beginning of Year</i>	<i>7,454,103</i>
<i>Fund Balance End of Year</i>	<i>\$8,747,146</i>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$7,247,034	\$7,247,034	\$6,974,842	(\$272,192)
Charges for Services	1,010,000	1,010,000	1,223,573	213,573
Licenses, Permits and Fees	226,000	226,000	175,192	(50,808)
Intergovernmental:				
Apportionments	792,966	792,966	1,308,767	515,801
Grants	0	0	545,358	545,358
Earnings on Investments	5,000	5,000	78,108	73,108
Donations	0	0	430,462	430,462
Miscellaneous	709,000	709,000	541,594	(167,406)
<i>Total Receipts</i>	9,990,000	9,990,000	11,277,896	1,287,896
Disbursements				
Current:				
Parks and Recreation:				
Salaries	3,455,456	3,455,456	3,264,789	190,667
Fringe Benefits	1,248,036	1,250,486	1,122,148	128,338
Materials and Supplies	532,547	532,547	463,944	68,603
Equipment	250,000	250,000	250,000	0
Purchased Services	1,012,759	1,012,759	900,837	111,922
Other	904,694	954,694	855,760	98,934
Capital Outlay	10,040,611	9,988,161	3,127,375	6,860,786
<i>Total Disbursements</i>	17,444,103	17,444,103	9,984,853	7,459,250
<i>Net Change in Fund Balance</i>	(7,454,103)	(7,454,103)	1,293,043	8,747,146
<i>Unencumbered Fund Balance Beginning of Year</i>	7,454,103	7,454,103	7,454,103	0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$8,747,146	\$8,747,146

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,186,735
Cash and Cash Equivalents with Fiscal Agent	<u>267,368</u>
<i>Total Assets</i>	<u><u>\$7,454,103</u></u>
Net Assets	
Unrestricted	<u>\$7,454,103</u>
<i>Total Net Assets</i>	<u><u>\$7,454,103</u></u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Parks and Recreation:					
Salaries	\$3,154,738	\$1,400,475			(\$1,754,263)
Fringe Benefits	1,074,201				(1,074,201)
Materials and Supplies	431,574		\$4,000		(427,574)
Equipment	234,681		11,666		(223,015)
Purchased Services	903,457		17,000		(886,457)
Other	629,565				(629,565)
Capital Outlay	2,848,956			\$247,500	(2,601,456)
<i>Total Governmental Activities</i>	<u>\$9,277,172</u>	<u>\$1,400,475</u>	<u>\$32,666</u>	<u>\$247,500</u>	<u>(7,596,531)</u>
General Receipts:					
Property Taxes Levied for General Purposes					6,919,625
Grants/Entitlements not Restricted to Specific Programs					1,525,797
Earnings on Investments					12,575
Donations					657,567
Miscellaneous					111,429
<i>Total General Receipts</i>					<u>9,226,993</u>
Change in Net Assets					1,630,462
<i>Net Assets Beginning of Year</i>					<u>5,823,641</u>
<i>Net Assets End of Year</i>					<u>\$7,454,103</u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Assets and Fund Balance-Cash Basis
Governmental Fund
December 31, 2010

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,186,735
Cash and Cash Equivalents with Fiscal Agent	<u>267,368</u>
<i>Total Assets</i>	<u><u>\$7,454,103</u></u>
Fund Balance	
Committed	\$533,544
Unassigned	<u>6,920,559</u>
<i>Total Fund Balance</i>	<u><u>\$7,454,103</u></u>

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis
Governmental Fund
For the Year Ended December 31, 2010

	General
Receipts	
Property Taxes	\$6,919,625
Charges for Services	1,235,021
Licenses, Permits and Fees	165,454
Intergovernmental:	
Apportionments	1,525,797
Grants	280,166
Earnings on Investments	12,575
Donations	657,567
Miscellaneous	111,429
	10,907,634
 Disbursements	
Current:	
Parks and Recreation:	
Salaries	3,154,738
Fringe Benefits	1,074,201
Materials and Supplies	431,574
Equipment	234,681
Purchased Services	903,457
Other	629,565
Capital Outlay	2,848,956
	9,277,172
 <i>Net Change in Fund Balance</i>	 1,630,462
 <i>Fund Balance Beginning of Year</i>	 5,823,641
 <i>Fund Balance End of Year</i>	 \$7,454,103

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District
Lorain County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$6,306,019	\$6,306,019	\$6,919,625	\$613,606
Charges for Services	839,813	839,813	1,235,021	395,208
Licenses, Permits and Fees	226,000	226,000	165,454	(60,546)
Intergovernmental:				
Apportionments	1,693,981	1,693,981	1,525,797	(168,184)
Grants	0	0	280,166	280,166
Earnings on Investments	30,000	30,000	12,575	(17,425)
Donations	0	0	657,567	657,567
Miscellaneous	148,999	148,999	111,429	(37,570)
<i>Total Receipts</i>	9,244,812	9,244,812	10,907,634	1,662,822
Disbursements				
Current:				
Parks and Recreation:				
Salaries	3,316,816	3,316,816	3,154,738	162,078
Fringe Benefits	1,154,184	1,154,184	1,074,201	79,983
Materials and Supplies	540,500	540,500	431,574	108,926
Equipment	250,000	250,000	234,681	15,319
Purchased Services	960,765	960,765	903,457	57,308
Other	4,372,546	4,372,546	629,565	3,742,981
Capital Outlay	4,473,642	4,473,642	2,848,956	1,624,686
<i>Total Disbursements</i>	15,068,453	15,068,453	9,277,172	5,791,281
<i>Net Change in Fund Balance</i>	(5,823,641)	(5,823,641)	1,630,462	7,454,103
<i>Unencumbered Fund Balance Beginning of Year</i>	5,823,641	5,823,641	5,823,641	0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$7,454,103	\$7,454,103

See accompanying notes to the basic financial statements

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 1 - Reporting Entity

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

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

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

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

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

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

The following entity, which performs activities within the Park District's boundaries for the benefit of its residents, is excluded from the accompanying financial statements because the Park District is not financially accountable for this entity nor is the entity fiscally dependent on the Park District.

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

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 1 - Reporting Entity (Continued)

The Corporation is governed by a board of trustees consisting of eleven members elected from the general membership. In addition, the Director-Secretary of the Lorain County Metropolitan Park District appoints a staff member to participate as a non-voting member of the board of trustees.

The Park District received \$7,800 during the fiscal period January 1, 2010 through December 31, 2011 from the Corporation. Financial Statements can be obtained from Ms. Jennifer Lawson, Treasurer, 6309 State Route 18, New London, OH 44851.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2 C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Park District's accounting policies.

A. Basis of Presentation

The Park District's basic financial statements consist of government-wide financial 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 Park District as a whole. These statements include the financial activities of the Park District.

The statement of net assets presents the cash balance of the governmental activities of the Park District at December 31, 2011 and December 31, 2010. The statement of activities compares disbursements and program receipts for each program or function of the Park District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Park District is responsible. Program receipts 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 receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Park District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Park District.

Fund Financial Statements During the year, the Park District segregates transactions related to certain Park District functions or activities within the General Fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Park District at this more detailed level. The focus of governmental fund financial statements is on major funds. The General Fund is the Park District's only major fund.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The Park District uses a fund 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 Park District's General Fund is a governmental fund.

Governmental Funds Governmental funds are those through which most governmental functions of the Park District are financed. The following fund is the Park District's only fund, which is also considered a major fund.

General The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Park District for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The Park District's financial statements are prepared using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Receipts are recorded in the Park District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are 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 Park District may appropriate. The appropriations resolution is the Park District's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Park District. The legal level of control has been established by the Park District at the fund, department and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Park District. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Board of Park Commissioners. The County Budget Commission must also approve estimated resources.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

The appropriations ordinance 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 ordinance 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 Board of Park Commissioners and approved by the County Budget Commission.

E. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2011 and 2010, the Park District invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Capital Assets

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

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Park District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits, respectively.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Park District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The Park District has no Net Assets that are restricted.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Park 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 are 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. It also includes the long-term amount of interfund loans.

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 the Board of Park Commissioners. Those committed amounts cannot be used for any other purpose unless the 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Park Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 Park District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Park District or a Park District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Park 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.

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 3 - Change in Accounting Principle

For 2011 and 2010, the Park District implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." 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 comprise 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 GASB Statement No. 54 had no effect on fund balance of the major governmental fund as previously reported.

Note 4 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Park District treasury. Active monies must be maintained either as cash in the Park 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 Trustees have 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.

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

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

1. United State Treasury bills, bonds, notes, or any 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 obligation or security 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 by direct issuances of federal government agencies or instrumentalities;

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 4 - Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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).

Protection of the Park 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 Park District 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.

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 Park 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.

A. Cash with Fiscal Agent

At December 31, 2011 and December 31, 2010, the Park District had \$395,970 and \$267,368, respectively, on deposit with First Merit Wealth Management Services. Information regarding the Park District's sub-trust agreement can be obtained from the Park District Treasurer. This amount is not included in the Park District depository balance below.

B. Deposits with Financial Institutions

At December 31, 2011 and December 31, 2010, the carrying amount of all Park District deposits was \$8,351,176 and \$7,186,735, respectively. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011 and December 31, 2010, \$7,935,024 of the Park District's bank balance of \$8,443,830 and \$4,829,259 of the Park District's bank balance of \$7,338,063, respectively, was exposed to custodial risk as discussed below, while \$508,806 and \$2,508,804, respectively, was covered by the FDIC.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 4 - Deposits and Investments (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Park District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Park District. The Park District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Park District to a successful claim by the FDIC.

C. Investments

The Park District did not have any investments for the years ending December 31, 2011 and December 31, 2010.

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The Park District had no encumbrances outstanding at year end December 31, 2011 and December 31, 2010 for the General Fund.

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Park District. Property tax revenue received during 2011 and 2010 for real and public utility property taxes represents collections of 2010 and 2009 taxes, respectively.

2011 and 2010 real property taxes are levied after October 1 of each year, on the assessed value as of January 1 of each year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 and 2010 real property taxes are collected in and intended to finance 2012 and 2011, respectively.

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 and 2010 public utility property taxes which became a lien December 31, 2010 and December 31, 2009, respectively, are levied after October 1, 2011 and October 31, 2010, respectively, and are collected in 2011 and 2010, respectively, with real property taxes.

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 6 - Property Taxes (Continued)

The full tax rate for all Park District operations for the years ended December 31, 2011 and December 31, 2010 were \$1.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 and 2010 property tax receipts were based are as follows:

	<u>2011</u>	<u>2010</u>
Real Property	\$ 6,419,956,808	\$ 6,376,158,198
Public Utility Personal Property	229,278,050	216,802,510
Tangible Personal Property	-	6,326,859
Total	<u>\$ 6,649,234,858</u>	<u>\$ 6,599,287,567</u>

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

Note 7 - Risk Management

The Park 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 Park District contracted with a company for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	
General Liability	\$ 1,000,000	Per occurrence
General Liability	\$ 3,000,000	Aggregate
Public Officials Errors & Omissions	\$ 1,000,000	Per occurrence and aggregate
Police Professional Liability	\$ 1,000,000	Per occurrence and aggregate
Automobile Liability & Physical Damage	\$ 1,000,000	Per occurrence and aggregate
Property (Building & Contents)	\$ 27,263,191	Limit
Inland Marine Coverage (Scheduled Equipment)	\$ 3,477,654	Limit
Inland Marine Coverage (Miscellaneous Equipment)	\$ 255,480	Limit
Umbrella Coverage (applies to General, Automobile, Employee Benefits, Public Officials, Police Professional, and Stop Gap liabilities; excludes Uninsured/Underinsured Motorist Liability)	\$ 9,000,000	Limit

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Park District provides employee medical and dental insurance, both of which are provided by Medical Mutual of Ohio. The risk of loss transfers entirely to the insurance carriers. The Park District pays 90 percent of the premiums for health and dental insurance.

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Park 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 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. For 2011 and 2010, member and contribution rates were consistent across all three plans. 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 Plan. The 2011 and 2010 member contribution rates were 10.00% for members in State and local classifications. For 2011, public safety and law enforcement members contributed 11.00% and 11.60%, respectively. For 2010, public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The Park District's contribution rate for 2011 and 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Park District's contribution was 18.10% and 17.87%, respectively.

The Park District's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10%. The Park District's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The Park District's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The Park District's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 14.10% in 2011 and 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010.

The Park 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 \$352,115, \$300,308, and \$274,609, respectively; 96.00 percent has been contributed for 2011 and 100 percent for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 and 2010 were \$1,978 and \$1,941, respectively, made by the Park District and \$1,413 and \$1,386, respectively, made by plan members.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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 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 and 2010, 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 and 17.87 percent, respectively. 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 for 2011 was 4.00 percent and for 2010 was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan for 2011 was 6.05 percent and for 2010 was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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.

Lorain County Metropolitan Park District
Lorain County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and December 31, 2010

Note 9 - Postemployment Benefits (Continued)

The Park District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$132,479, \$157,640, and \$183,240, respectively; 96.00 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

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 10 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park 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 are presented below:

Fund Balances	December 31, 2011 General Fund	December 31, 2010 General Fund
Committed to		
Amherst Recreation Center	\$6,325,000	\$0
Miller Nature Preserve	0	533,544
<i>Total Committed</i>	<u>6,325,000</u>	<u>533,544</u>
Unassigned	<u>2,422,146</u>	<u>6,920,559</u>
<i>Total Fund Balances</i>	<u><u>\$8,747,146</u></u>	<u><u>\$7,454,103</u></u>

Note 11 - Construction and Contractual Commitments

The Park District was involved in several contractual agreements at the end of 2011 for professional services with architects and construction firms for the Amherst Recreation Center project.

Note 12 - Contingent Liabilities

A. Litigation

The Park District is involved in no material litigations as either plaintiff or defendant.

B. Federal and State Grants

The Park District received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Park District believes such disallowances, if any, would be immaterial.

Lorain County Metropolitan Park District

Lorain County

Notes to the Basic Financial Statements

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

Note 13 - Jointly Governed Organizations

North Coast Regional Council of Park Districts was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The North Coast Regional Council of Park Districts (The Council) was formed in part to designate sites within the jurisdiction of the members of the council to be acquired, improved, restored, enhanced, administered and/or preserved with funds received under the In Lieu Fee Agreement (ILFA). The ILFA allows the development of certain wetlands provided the developers contribute certain sums of money which are then used as described above. The Council is a jointly governed organization which currently includes five members. Each member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners. The Park District made no contributions to the Council during 2010 and 2011. Financial statements can be obtained from Bonnie Burns, Treasurer at 12882 Diagonal Rd, LaGrange, OH 44050.

The Lorain County Metro Park Endowment Fund of the Community Foundation of Greater Lorain County was created to benefit and assist the endeavors of the Lorain County Metropolitan Park District (the Park District), including but not limited to the general public and statutory purposes of the preservation and conservation of the environment and all natural resources within the jurisdiction of the Metropolitan Park District. This fund was created November 18th, 1993 by agreement of both parties. The Community Foundation of Greater Lorain County (the Foundation) is made up of over 200 separate funds each one created for its specific purpose. The Foundation was organized under Section 501 (c) (3) of the Internal Revenue Code. The Park District received \$42,000 during the fiscal period January 1, 2010 through December 31, 2011. The Fund balance as of December 31, 2011 was \$834,038. Audited financial statements can be obtained from Cheryl McKenna, Chief Financial/Administrative Officer of the CFGLC at 9080 Leavitt Rd, Elyria, OH 44035.

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

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

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities and the major fund of the Lorain County Metropolitan Park District, Lorain County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Lorain County Metropolitan Park District's basic financial statements, and have issued our report thereon dated May 30, 2012, wherein we noted the Lorain County Metropolitan Park District prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note 3, the Lorain County Metropolitan Park District adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011 and 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Members of the Board of Park Commissioners
Lorain County Metropolitan Park District

Compliance and Other Matters

As part of reasonably assuring whether the Lorain County Metropolitan Park 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 did note certain matters not requiring inclusion in this report that we reported to the Lorain County Metropolitan Park District's management in a separate letter dated May 30, 2012.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 30, 2012



Dave Yost • Auditor of State

LORAIN COUNTY METROPOLITAN PARK DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 19, 2012