

***MEDINA COUNTY PARK DISTRICT***

**MEDINA COUNTY, OHIO**

**AUDIT REPORT**

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

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Commissioners  
Medina County Park District  
6364 Deerview Lane  
Medina, Ohio 44256

We have reviewed the *Report of Independent Accountants* of the Medina County Park District, Medina County, prepared by Charles E. Harris & Associates, 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.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Medina County 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

October 11, 2012

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**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	4
Notes to the Financial Statements.....	5-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13-14
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	16

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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### **INDEPENDENT ACCOUNTANTS' REPORT**

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the accompanying financial statements of the Medina County Park District, Medina County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Medina County Park District, Medina County, as of December 31, 2011 and 2010, and the reserves for encumbrances as of the December 31, 2010 and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 10, the District changed their financial statement presentation from the cash basis of accounting GASB 34 look-alike presentation to the Auditor of State regulatory basis. Also, as described in Note 1, during 2011 the Medina County Park District, Medina County 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 June 28, 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.

A handwritten signature in black ink that reads "Charles E. Harris Associates". The signature is written in a cursive, slightly slanted style.

**Charles E. Harris & Associates, Inc.**  
June 28, 2012



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$ 2,675,776	\$ -	\$ 2,675,776
Intergovernmental	925,902	29,408	955,310
Earnings on Investments	31,382	18,116	49,498
Sales	24,968	-	24,968
Fees	103,555	-	103,555
Gifts and Donations	7,255	250,135	257,390
Other Receipts	54,172	12,340	66,512
<i>Total Cash Receipts</i>	<u>3,823,010</u>	<u>309,999</u>	<u>4,133,009</u>
<b>Cash Disbursements</b>			
Current:			
Salaries	1,107,034	-	1,107,034
Workers' Compensation	11,582	-	11,582
Public Employees Retirement System	159,398	-	159,398
Medicare	15,807	-	15,807
Hospitalization	149,786	-	149,786
Supplies	13,036	3,856	16,892
Material	53,464	67,185	120,649
Equipment	137,423	47,091	184,514
Equipment - Rental	2,013	1,797	3,810
Contracts - Repair	1,556	-	1,556
Contracts - Services	128,894	450,509	579,403
Advertising and Printing	36,658	1,074	37,732
Gasoline/Travel	47,140	-	47,140
Rent	380	-	380
Other	108,547	-	108,547
Capital Outlay	534,026	-	534,026
Debt Service:			
Principal Retirement	3,860,036	965,009	4,825,045
Interest and Fiscal Charges	77,288	19,322	96,610
<i>Total Cash Disbursements</i>	<u>6,444,068</u>	<u>1,555,843</u>	<u>7,999,911</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,621,058)	(1,245,844)	(3,866,902)
<b>Other Financing Receipts (Disbursements)</b>			
Proceeds of Bonds	3,200,000	800,000	4,000,000
Transfers In	-	775,000	775,000
Transfers Out	(775,000)	-	(775,000)
Refunds	369	-	369
Reimbursement	2,317	-	2,317
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,427,686</u>	<u>1,575,000</u>	<u>4,002,686</u>
<i>Net Change in Fund Cash Balances</i>	(193,372)	329,156	135,784
<i>Fund Cash Balances, January 1</i>	<u>2,772,944</u>	<u>1,523,080</u>	<u>4,296,024</u>
<b>Fund Cash Balances</b>			
Restricted	-	250,000	250,000
Committed	1,978,350	1,602,236	3,580,586
Assigned	24,149	-	24,149
Unassigned	577,073	-	577,073
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 2,579,572</u></u>	<u><u>\$ 1,852,236</u></u>	<u><u>\$ 4,431,808</u></u>

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$ 2,662,081	\$ -	\$ 2,662,081
Intergovernmental	1,983,139	-	1,983,139
Earnings on Investments	47,814	18,341	66,155
Sales	7,899	-	7,899
Fees	85,784	-	85,784
Gifts and Donations	4,317	563	4,880
Other Receipts	40,893	10,408	51,301
	<b>4,831,927</b>	<b>29,312</b>	<b>4,861,239</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Salaries	1,153,865	-	1,153,865
Workers' Compensation	17,189	-	17,189
Public Employees Retirement System	163,106	-	163,106
Medicare	15,859	-	15,859
Hospitalization	174,808	-	174,808
Supplies	11,811	2,651	14,462
Material	54,143	27,803	81,946
Equipment	84,400	26,769	111,169
Equipment - Rental	1,463	1,972	3,435
Contracts - Repair	4,819	-	4,819
Contracts - Services	98,858	200,732	299,590
Advertising and Printing	35,266	103	35,369
Gasoline/Travel	35,992	-	35,992
Rent	360	-	360
Other	113,624	-	113,624
Capital Outlay	2,435,801	-	2,435,801
Debt Service:			
Principal Retirement	608,562	152,140	760,702
Interest and Fiscal Charges	133,506	33,377	166,883
	<b>5,143,432</b>	<b>445,547</b>	<b>5,588,979</b>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	(311,505)	(416,235)	(727,740)
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	770,000	770,000
Transfers Out	(770,000)	-	(770,000)
Refunds	358	-	358
Reimbursement	471	4,670	5,141
	<b>(769,171)</b>	<b>774,670</b>	<b>5,499</b>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(1,080,676)	358,435	(722,241)
<i>Fund Cash Balances, January 1</i>	3,853,620	1,164,645	5,018,265
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,772,944</b>	<b>\$ 1,523,080</b>	<b>\$ 4,296,024</b>
Reserve for Encumbrances, December 31	<b>\$ 26,030</b>	<b>\$ 52,248</b>	<b>\$ 78,278</b>

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Park District, Medina County, Ohio, (the District) as a body corporate and politic. The probate judge of the Medina County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies**

**D. Fund Accounting (Continued)**

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project funds:

Major Park Development Fund – The Major Park Development Fund accounts for financial resources that are used for the capital development of the park facilities.

Allardale Park Development Fund – The Allardale Park Development Fund accounts for financial resources that are used for the development, maintenance, and upkeep of the Allardale Park.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**2. Restricted**

Fund balance is *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.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

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.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,777,858	\$7,025,696	(\$1,752,162)
Capital Projects	2,940,950	1,884,999	(1,055,951)
Total	\$11,718,808	\$8,910,695	(\$2,808,113)

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$9,947,595	\$7,243,217	\$2,704,378
Capital Projects	4,126,005	1,615,016	\$2,510,989
Total	\$14,073,600	\$8,858,233	\$5,215,367

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,687,237	\$4,832,756	(\$854,481)
Capital Projects	1,799,850	803,982	(995,868)
Total	\$7,487,087	\$5,636,738	(\$1,850,349)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$7,786,129	\$5,939,462	\$1,846,667
Capital Projects	2,884,472	497,795	2,386,677
Total	\$10,670,601	\$6,437,257	\$4,233,344

**3. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Property Tax (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**4. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Park Improvement Refunding Bond Series 2011	\$3,398,226	2.46%
Total	\$3,398,226	

The District issued the \$6,000,000 Park Improvement Bonds on January 31, 2008. Proceeds were used to retire the Series 2007, Park Improvement Note and for acquisition and improvement to District land. The bonds were being repaid over 8 years by a .75 mil property tax levy which was approved by the voters of the District in November 2006. The bonds were set to mature in 2015 with 5.00 percent interest due.

On February 17, 2011, the District refunded the above Park Improvement Bonds Series 2008 for \$4,000,000 at the rate of 2.46% and maturity dates from 2011 through 2014. All of the bonds were called and the outstanding balance of the prior debt is zero. The new bonds are being repaid over 4 years.

Amortization of the above debt, including interest, is scheduled as follows:

	Park Improvement
Year ending December 31:	
2012	\$ 896,055
2013	896,055
2014	896,055
2015	893,000
Total	\$ 3,581,165

**5. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Risk Management**

**Risk Pool Membership**

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Districts. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Districts pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member Districts in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$50,005.



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

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

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2011</u>
\$45,049	\$55,561

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

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal

**7. Contingent Liabilities/Subsequent Events**

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

Management believes there are no pending claims or lawsuits

**8. Jointly Governed Organization**

The District is a member of the North Coast Regional Council of Park Districts (the Council). The Council is a jointly governed organization comprised of four of metropolitan park districts, and was formed for the purpose of promoting wetland and stream restoration projects. Each member provided the Council with an initial administrative fee and will pay continual fees to the Council equal to 1% of the wetland mitigation fees they collect.

The Council is under the direction of a Board comprised of two representatives from each member metropolitan park district. The Treasurer of the Lorain County Metropolitan Park District is the fiscal agent for the Council. The degree of control exercised by members is limited to their representation on the Board. Financial information can be obtained by contacting the Treasurer of the Lorain County Metropolitan Park District at 12882 Diagonal Road, LaGrange, Ohio 44050.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**9. Cleveland Hopkins Mitigation**

The City of Cleveland was required to set aside money for the restoration of wetlands and streams as a result of a penalty assessed against the City related to Cleveland Hopkins Airport. A portion of this money was assigned to the District to be used for the Hidden Hollow Stream Restoration Project. The amount allocated to this project was approximately \$5,200,000, and was deposited with the North Coast Regional Council of Park Districts. All debt and additional costs for this project are to be paid by the North Coast Regional Council of Park Districts on behalf of the District. There were no costs in addition to debt that was paid on behalf of the District by the North Coast Regional Council of Park Districts. Once the project is completed, any remaining moneys will be submitted to the District.

**10. Change in Accounting Basis**

In prior years, the District had prepared their financial statements and related footnotes in accordance with the cash basis GASB 34 look-alike presentation. That accounting presentation segregated larger (major) funds from the smaller (non-major) funds. In 2010, the District changed their financial statement presentation to the Auditor of State regulatory basis, which is similar to the cash basis of accounting. It also combines all related funds into separate columns (General Fund, Special Revenue Funds and Capital Project Funds).

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the financial statements of the Medina County Park District, Medina County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 28, 2012, wherein we noted the District changed its financial statement presentation and follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. For the year ended December 31, 2011, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.


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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-MCPD-01 described in the accompanying schedule of findings to be a material weakness.

### 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 matter we must report under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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



**Charles E. Harris & Associates, Inc.**

June 28, 2012

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**Finding Number 2011-MCPD-01 – Material Weakness**

In 2011, the District issued \$4,000,000 refunding bonds which were used to retire the Park Improvement Bond Series 2008. Bond proceeds and disbursements were to be allocated 80% General Fund and 20% Capital Projects Fund.

The bond proceeds and disbursements were not recorded on the books. As such, the General Fund and Capital Projects Fund's bond proceeds cash receipts and principal cash disbursements were understated, \$3,200,000 and \$800,000 respectively. Adjustments were made to the financial statements to record this activity.

The District should record the activity related to a debt refunding transaction and should ensure this activity is properly presented in the financial statements to help ensure transactions are properly accounted for, classified, and free of omissions. This will help more accurately reflect the District's financial activity and will aid in more accurate financial recording.

**Official's Response:**

Management staff will take steps to remedy the finding by making sure that bond proceeds and disbursements are correctly posted in the future.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2009-01	Bond proceeds recorded incorrectly.	No	Not Corrected Reissued 2011-MCPD-01



# Dave Yost • Auditor of State

**MEDINA COUNTY PARK DISTRICT**

**MEDINA 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 23, 2012**