



Dave Yost • Auditor of State

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Park Commissions:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metropolitan Park District of the Toledo Area, Lucas County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Land Acquisition Levy fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2012, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012***

The discussion and analysis of Metropolitan Park District of the Toledo Area's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❑ In total, net position increased \$4,039,545. Net position of governmental activities increased \$4,034,939, which represents a 4.4% increase from 2011. Net position of business-type activities increased \$4,606 from 2011.
- ❑ General revenues accounted for \$14,895,610 in revenue or 89.3% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,793,968 or 10.7% of total revenues of \$16,689,578.
- ❑ The District had \$12,624,562 in expenses related to governmental activities; only \$1,763,891 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted intergovernmental revenues) of \$14,895,610 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$13,006,103 in revenues and \$11,564,671 in expenditures and other financing uses. The general fund's fund balance increased \$1,441,432 to \$14,950,509 for 2012. The net increase of all governmental funds was \$2,368,221.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012***

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the District's tax base and the condition of the District's capital assets

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

- ***Governmental Activities*** – Most of the District's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- ***Business-type activity*** - The District has one business-type activity, retail operations. This fund was established by the District in 2005. This includes the District's retail operations at the Wildwood Farmhouse and the Providence General Store.

Fund Financial Statements

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

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012**

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

Government-Wide Financial Analysis

The following table provides a comparison of the District's net position between December 31, 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$38,991,532	\$34,322,200	\$28,179	\$23,584	\$39,019,711	\$34,345,784
Capital assets, Net	71,509,132	69,891,931	0	0	71,509,132	69,891,931
Total assets	110,500,664	104,214,131	28,179	23,584	110,528,843	104,237,715
Long-term debt outstanding	968,059	944,022	0	0	968,059	944,022
Other liabilities	816,649	653,176	5	16	816,654	653,192
Total liabilities	1,784,708	1,597,198	5	16	1,784,713	1,597,214
Deferred Inflows of Resources	13,627,248	11,563,164	0	0	13,627,248	11,563,164
Net position						
Net Investment in capital assets	71,509,132	69,891,931	0	0	71,509,132	69,891,931
Restricted	6,706,145	6,320,269	0	0	6,706,145	6,320,269
Unrestricted	16,873,431	14,841,569	28,174	23,568	16,901,605	14,865,137
Total net position	\$95,088,708	\$91,053,769	\$28,174	\$23,568	\$95,116,882	\$91,077,337

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**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012***

Changes in Net Position – The following table provides a comparison of the changes in net position for fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services and Sales	\$612,649	\$538,803	\$30,077	\$29,906	\$642,726	\$568,709
Capital Grants and Contributions	1,151,242	2,761,646	0	0	1,151,242	2,761,646
General revenues:						
Property Taxes	11,524,757	11,573,017	0	0	11,524,757	11,573,017
Intergovernmental Revenue, Unrestricted	3,089,676	3,587,271	0	0	3,089,676	3,587,271
Investment Earnings	91,662	78,952	0	0	91,662	78,952
Miscellaneous	189,515	155,668	0	0	189,515	155,668
Total revenues	<u>16,659,501</u>	<u>18,695,357</u>	<u>30,077</u>	<u>29,906</u>	<u>16,689,578</u>	<u>18,725,263</u>
Program Expenses						
Parks and Recreation	12,624,562	10,466,767	0	0	12,624,562	10,466,767
Retail Operations Fund	0	0	25,471	28,937	25,471	28,937
Total expenses	<u>12,624,562</u>	<u>10,466,767</u>	<u>25,471</u>	<u>28,937</u>	<u>12,650,033</u>	<u>10,495,704</u>
Change in Net Position	4,034,939	8,228,590	4,606	969	4,039,545	8,229,559
Beginning Net Position	91,053,769	82,825,179	23,568	22,599	91,077,337	82,847,778
Ending Net Position	<u>\$95,088,708</u>	<u>\$91,053,769</u>	<u>\$28,174</u>	<u>\$23,568</u>	<u>\$95,116,882</u>	<u>\$91,077,337</u>

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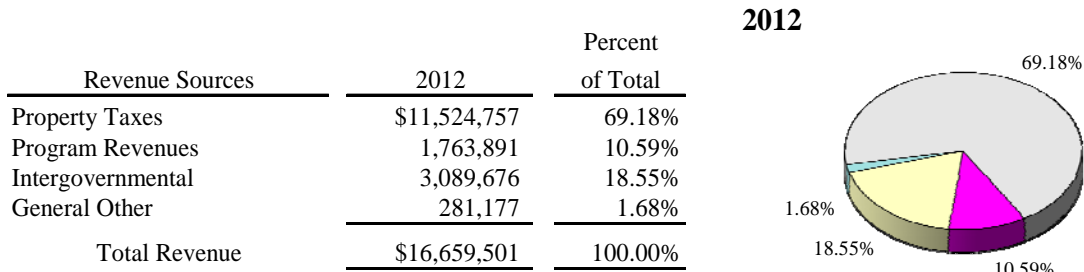
**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012***

Governmental Activities

Net position of governmental activities increased \$4,034,939 or 4.4% during 2012. Decreased revenues and increased expenses accounted for the smaller increase in 2012. Revenues continue to outpace expenses.

Property taxes made up 69.18% of revenues for governmental activities for the District in fiscal year 2012. The District's reliance upon tax revenues is demonstrated by the following graph:



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

For the General Fund, the final budget basis revenue and other financing sources of \$12,679,473 did not change when compared to original budget estimates. Total actual revenue and other financing sources were 1.7% above final budget estimates. Final budget basis expenditures and other financing uses increased by \$1,258,582 when compared to original budget figures. Total actual expenditures and other financing uses were 10.7% below final budgeted figures.

Business-Type Activities

The Retail Operations Fund was established in 2005 to separately account for retail operations activity that was previously accounted for in the General Fund. In 2012, the revenues of the retail operations exceeded operating costs for the third consecutive year.

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012***

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the District had \$71,509,132 net of accumulated depreciation invested in land, antiques and art, buildings, land improvements, machinery and equipment and infrastructure. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$56,058,359	\$55,137,608	\$920,751
Antiques and Art	553,061	553,061	0
Land Improvements	9,397,449	8,517,971	879,478
Buildings	17,014,990	16,750,875	264,115
Machinery and Equipment	3,609,739	3,477,623	132,116
Infrastructure	3,831,102	3,730,065	101,037
Less: Accumulated Depreciation	(18,955,568)	(18,275,272)	(680,296)
Totals	<u>\$71,509,132</u>	<u>\$69,891,931</u>	<u>\$1,617,201</u>

The primary increases occurred in land and land improvements due to various property acquisitions in 2012.

Additional information on the District's capital assets can be found in Note 9.

Debt

At December 31, 2012, the District had \$968,059 in noncurrent liabilities, \$538,605 due within one year. The following table summarizes the District's noncurrent liabilities outstanding as of December 31, 2012 and 2011:

	2012	2011
Governmental Activities:		
Compensated Absences	<u>\$968,059</u>	<u>\$944,022</u>
Total Governmental Activities	<u>\$968,059</u>	<u>\$944,022</u>

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2012

ECONOMIC FACTORS

The Metropolitan Park District of the Toledo Area acquires lands for the conservation of significant natural, historical and cultural resources. 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 receives the majority of its funding from property taxes, state and federal grants and charges for services (program fees). The District employs 76 full time, 27 part-time, and 72 seasonal/intern employees. The Board periodically reviews park fees to help offset the costs of park operations.

REQUESTS FOR INFORMATION

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



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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 22,162,425	\$ 28,179	\$ 22,190,604
Receivables:			
Taxes	15,212,158	0	15,212,158
Intergovernmental	1,616,949	0	1,616,949
Non-Depreciable Capital Assets	56,611,420	0	56,611,420
Depreciable Capital Assets, Net	14,897,712	0	14,897,712
Total Assets	110,500,664	28,179	110,528,843
Liabilities:			
Accounts Payable	352,359	0	352,359
Accrued Wages and Benefits Payable	199,404	0	199,404
Intergovernmental Payable	264,886	5	264,891
Noncurrent liabilities:			
Due within one year	538,605	0	538,605
Due in more than one year	429,454	0	429,454
Total Liabilities	1,784,708	5	1,784,713
Deferred Inflows of Resources:			
Unavailable Amounts	97,248	0	97,248
Property Tax Levy for Next Fiscal Year	13,530,000	0	13,530,000
Total Deferred Inflows of Resources	13,627,248	0	13,627,248
Net Position:			
Net Investment in Capital Assets	71,509,132	0	71,509,132
Restricted For:			
Capital Projects	529,556	0	529,556
Other Purposes	6,102,393	0	6,102,393
Expendable	34,196	0	34,196
Nonexpendable	40,000	0	40,000
Unrestricted	16,873,431	28,174	16,901,605
Total Net Position	\$ 95,088,708	\$ 28,174	\$ 95,116,882

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Statement Of Activities
For The Year Ended December 31, 2012**

	Program Revenues		
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:			
Parks and Recreation	\$ 12,624,562	\$ 612,649	\$ 1,151,242
Total Governmental Activities	12,624,562	612,649	1,151,242
Business-Type Activities:			
Retail Operations	25,471	30,077	0
Total Business-Type Activities	25,471	30,077	0
Totals	\$ 12,650,033	\$ 642,726	\$ 1,151,242

General Revenues:

Property Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (10,860,671)	\$ 0	\$ (10,860,671)
(10,860,671)	0	(10,860,671)
0	4,606	4,606
0	4,606	4,606
(10,860,671)	4,606	(10,856,065)
11,524,757	0	11,524,757
3,089,676	0	3,089,676
91,662	0	91,662
189,515	0	189,515
14,895,610	0	14,895,610
4,034,939	4,606	4,039,545
91,053,769	23,568	91,077,337
\$ 95,088,708	\$ 28,174	\$ 95,116,882

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 14,985,697	\$ 3,577,277	\$ 3,599,451	\$ 22,162,425
Receivables:				
Property Taxes	15,212,158	0	0	15,212,158
Intergovernmental	1,547,048	0	69,901	1,616,949
Advance to Other Funds	450,418	0	0	450,418
Total Assets	\$ 32,195,321	\$ 3,577,277	\$ 3,669,352	\$ 39,441,950
Liabilities:				
Accounts Payable	\$ 293,898	\$ 20,034	\$ 38,427	\$ 352,359
Accrued Wages and Benefits Payable	189,053	0	10,351	199,404
Intergovernmental Payable	252,546	1,960	10,380	264,886
Advances from Other Funds	0	0	450,418	450,418
Compensated Absences Payable	20,295	0	0	20,295
Total Liabilities	755,792	21,994	509,576	1,287,362
Deferred Inflows of Resources:				
Unavailable Amounts	2,959,020	0	19,483	2,978,503
Property Tax Levy for Next Fiscal Year	13,530,000	0	0	13,530,000
Total Deferred Inflows of Resources	16,489,020	0	19,483	16,508,503
Fund Balances:				
Nonspendable	0	0	40,000	40,000
Restricted	0	3,555,283	569,978	4,125,261
Committed	0	0	2,640,227	2,640,227
Assigned	555,560	0	0	555,560
Unassigned	14,394,949	0	(109,912)	14,285,037
Total Fund Balances	14,950,509	3,555,283	3,140,293	21,646,085
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,195,321	\$ 3,577,277	\$ 3,669,352	\$ 39,441,950

See accompanying notes to the basic financial statements

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances	\$ 21,646,085
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	71,509,132
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows in the funds.	2,881,255
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences Payable	<u>(947,764)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 95,088,708</u>

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012**

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 9,549,613	\$ 1,883,359	\$ 0	\$ 11,432,972
Intergovernmental Revenues	2,806,647	466,379	809,509	4,082,535
Fines and Forfeitures	1,622	0	144	1,766
Charges for Services	349,101	0	84,657	433,758
Sales	37,198	0	43,151	80,349
Fees	0	0	96,776	96,776
Donations	4,694	0	192,215	196,909
Investment Earnings	80,867	0	10,795	91,662
All Other Revenue	176,361	1,605	11,549	189,515
Total Revenue	<u>13,006,103</u>	<u>2,351,343</u>	<u>1,248,796</u>	<u>16,606,242</u>
Expenditures:				
Current:				
Parks and Recreation	10,309,671	1,009,079	2,919,271	14,238,021
Total Expenditures	<u>10,309,671</u>	<u>1,009,079</u>	<u>2,919,271</u>	<u>14,238,021</u>
Excess (Deficiency) of Revenues Over Expenditures	2,696,432	1,342,264	(1,670,475)	2,368,221
Other Financing Sources (Uses):				
Transfers In	0	0	1,255,000	1,255,000
Transfers Out	(1,255,000)	0	0	(1,255,000)
Total Other Financing Sources (Uses)	<u>(1,255,000)</u>	<u>0</u>	<u>1,255,000</u>	<u>0</u>
Net Change in Fund Balance	1,441,432	1,342,264	(415,475)	2,368,221
Fund Balances at Beginning of Year	<u>13,509,077</u>	<u>2,213,019</u>	<u>3,555,768</u>	<u>19,277,864</u>
Fund Balances End of Year	<u>\$ 14,950,509</u>	<u>\$ 3,555,283</u>	<u>\$ 3,140,293</u>	<u>\$ 21,646,085</u>

See accompanying notes to the basic financial statements

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ 2,368,221

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation. 1,712,644

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (95,443)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 53,259

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,742)

Change in Net Position of Governmental Activities \$ 4,034,939

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 10,810,000	\$ 10,810,000	\$ 9,492,186	\$ (1,317,814)
Intergovernmental Revenue	1,389,321	1,389,321	2,806,647	1,417,326
Fines and Forfeitures	2,000	2,000	1,622	(378)
Charges for Services	250,552	250,552	287,266	36,714
Sales	20,000	20,000	37,198	17,198
Donations	0	0	4,694	4,694
Investment Earnings	51,000	51,000	82,915	31,915
All Other Revenue	3,000	3,000	2,615	(385)
Total Revenues	<u>12,525,873</u>	<u>12,525,873</u>	<u>12,715,143</u>	<u>189,270</u>
Expenditures:				
Current:				
Parks and Recreation	12,235,535	12,239,117	10,792,505	1,446,612
Total Expenditures	<u>12,235,535</u>	<u>12,239,117</u>	<u>10,792,505</u>	<u>1,446,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	290,338	286,756	1,922,638	1,635,882
Other Financing Sources (Uses):				
Sale of Capital Assets	20,000	20,000	18,895	(1,105)
Transfers Out	0	(1,255,000)	(1,255,000)	0
Other Sources	133,600	133,600	154,851	21,251
Total Other Financing Sources (Uses):	<u>153,600</u>	<u>(1,101,400)</u>	<u>(1,081,254)</u>	<u>20,146</u>
Net Change in Fund Balance	443,938	(814,644)	841,384	1,656,028
Fund Balance at Beginning of Year	12,126,765	12,126,765	12,126,765	0
Prior Year Encumbrances	1,318,236	1,318,236	1,318,236	0
Fund Balance at End of Year	<u>\$ 13,888,939</u>	<u>\$ 12,630,357</u>	<u>\$ 14,286,385</u>	<u>\$ 1,656,028</u>

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Land Acquisition Levy Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,880,000	\$ 1,880,000	\$ 1,913,582	\$ 33,582
Intergovernmental Revenue	285,000	285,000	466,379	181,379
All Other Revenue	0	0	300	300
Total Revenues	<u>2,165,000</u>	<u>2,165,000</u>	<u>2,380,261</u>	<u>215,261</u>
Expenditures:				
Current:				
Parks and Recreation	2,900,231	2,965,107	1,060,815	1,904,292
Total Expenditures	<u>2,900,231</u>	<u>2,965,107</u>	<u>1,060,815</u>	<u>1,904,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(735,231)	(800,107)	1,319,446	2,119,553
Other Financing Sources (Uses):				
Other Sources	0	0	1,305	1,305
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>1,305</u>	<u>1,305</u>
Net Change in Fund Balance	(735,231)	(800,107)	1,320,751	2,120,858
Fund Balance at Beginning of Year	2,047,083	2,047,083	2,047,083	0
Prior Year Encumbrances	159,116	159,116	159,116	0
Fund Balance at End of Year	<u>\$ 1,470,968</u>	<u>\$ 1,406,092</u>	<u>\$ 3,526,950</u>	<u>\$ 2,120,858</u>

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Statement of Net Position
Enterprise Fund
December 31, 2012***

	Retail Operations
ASSETS:	
Current assets:	
Cash and Cash Equivalents	\$ 28,179
Total Assets	<u>28,179</u>
LIABILITIES:	
Current Liabilities:	
Intergovernmental Payable	5
Total Liabilities	<u>5</u>
NET POSITION:	
Unrestricted	28,174
Total net position	<u>\$ 28,174</u>

See accompanying notes to the basic financial statements

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2012

	Retail Operations
Operating Revenues:	
Sales	\$ 28,552
Other Operating Revenue	1,525
Total Operating Revenues	<u>30,077</u>
Operating Expenses:	
Personal Services	9,817
Contractual Services	984
Materials and Supplies	14,670
Total Operating Expenses	<u>25,471</u>
Change in Net Position	4,606
Net Position Beginning of Year	<u>23,568</u>
Net Position End of Year	<u>\$ 28,174</u>

See accompanying notes to the basic financial statements

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2012***

	Retail Operations
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$30,077
Cash Payments for Goods and Services	(15,654)
Cash Payments to Employees	(9,828)
Net Cash Provided by Operating Activities	4,595
Net Increase in Cash and Cash Equivalents	4,595
Cash and Cash Equivalents at Beginning of Year	23,584
Cash and Cash Equivalents at End of Year	\$28,179
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$4,606
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Decrease in Intergovernmental Payable	(11)
Total Adjustments	(11)
Net Cash Provided by Operating Activities	\$4,595

See accompanying notes to the basic financial statements

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District acquires lands for the conservation of significant natural, historical and cultural resources. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

The Board of Park Commissioners appoints a Director who is responsible for appointment of a Treasurer to act as fiscal agent for the District and custodian of all funds.

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

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

B. Basis of Presentation - Fund Accounting

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

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

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

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

Retail Operations Fund - The retail operations fund accounts for the retail operations at the Wildwood Farmhouse and the Providence General Store.

C. Basis of Presentation – Financial Statements

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

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Property taxes measurable as of December 31, 2012 but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

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

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

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

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

1. Tax Budget

The District Treasurer submits an annual tax budget for the following fiscal year to the District Board of Commissioners by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 through December 31. The appropriation resolution establishes spending controls at object level within each fund, and may be modified during the year by resolution of the District Board of Commissioners. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level within each fund. The allocation of appropriations within a fund may be modified with the approval of the District Board Commissioners. During 2012, several supplemental appropriations measures were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund and major special revenue funds are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications of.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance	
	General Fund	Land Acquisition Levy Fund
GAAP Basis (as reported)	\$1,441,432	\$1,342,264
Increase (Decrease):		
Accrued Revenues at December 31, 2012 received during 2013	(277,603)	0
Accrued Revenues at December 31, 2011 received during 2012	160,389	30,223
Accrued Expenditures at December 31, 2012 paid during 2013	755,792	21,994
Accrued Expenditures at December 31, 2011 paid during 2012	(546,731)	(23,403)
Outstanding Encumbrances	(691,895)	(50,327)
Budget Basis	\$841,384	\$1,320,751

F. Cash and Investments

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

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

Following Ohio statutes and Board Policy, interest is credited initially to the general fund and reallocated to all eligible funds on a quarterly basis. Interest revenue credited to the General Fund during 2012 amounted to \$80,867 which includes \$25,994 assigned from other funds.

H. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Depreciation

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

Description	Governmental and Business-Type Activities Estimated Lives (in Years)
Buildings	40
Land Improvements	20
Machinery and Equipment	7 - 10
Infrastructure	20

I. Long-Term Obligations

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

Obligation	Fund
Compensated Absences	General Fund, Land Acquisition Levy Fund, Education Fund

J. Compensated Absences

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

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. Pensions

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

L. Net position

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

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

M. Interfund Activity

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

N. Interfund Assets/Liabilities

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. For the District, these constraints consist of ordinances and resolutions passed by District Board of Commissioners. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

P. Estimates

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

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Operating Revenues and Expenses

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

R. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, deposits for future events to be held at District facilities and property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. The governmental funds report unavailable amounts for delinquent property taxes, grant monies not received in the period of availability and state levied shared revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Endowment	\$0	\$0	\$40,000	\$40,000
Total Nonspendable	0	0	40,000	40,000
Restricted:				
Land Acquisition	0	3,555,283	0	3,555,283
Law Enforcement	0	0	1,402	1,402
Endowment Earnings	0	0	34,196	34,196
Capital Improvements	0	0	534,380	534,380
Total Restricted	0	3,555,283	569,978	4,125,261
Committed:				
Park Programs	0	0	1,935,055	1,935,055
Membership Activities	0	0	234,707	234,707
Educational Programs	0	0	470,465	470,465
Total Committed	0	0	2,640,227	2,640,227
Assigned:				
Encumbrances	555,560	0	0	555,560
Unassigned (Deficit)	14,394,949	0	(109,912)	14,285,037
Total Fund Balances	<u>\$14,950,509</u>	<u>\$3,555,283</u>	<u>\$3,140,293</u>	<u>\$21,646,085</u>

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

A. Deposits

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

At year end the carrying amount of the District's deposits was \$20,427,145 and the bank balance was \$20,697,027. The Federal Deposit Insurance Corporation (FDIC) covered \$8,147,858 of the bank balance and \$12,549,169 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$12,549,169
Total Balance	\$12,549,169

B. Investments

The District's investments at December 31, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>1-3 years</u>	<u>3-5 years</u>
FNMA	\$1,511,728	Aaa ¹ , AA+ ²	\$1,259,275	\$252,453
FHLMC	251,730	Aaa ¹ , AA+ ²	0	251,730
Total Investments	\$1,763,458		\$1,259,275	\$504,183

¹ Moody's Investor Service

² Standard & Poor's

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District’s total investments, 85.7% are FNMA and 14.3% are FHLMC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the County. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2012. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 5- PROPERTY TAXES (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

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

The full tax rate for the District's operations for the year ended December 31, 2012 was \$1.70 per \$1,000 of assessed value. The assessed value upon which the 2012 property tax receipts were based was \$7,933,656,750. This amount constitutes \$7,707,789,720 in real property assessed and \$225,867,030 in public utility property.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, accounts, intergovernmental and advance receivables. All receivables other than those offset by deferred inflows of resources are considered collectable in full.

NOTE 7 - INTERFUND BALANCES

Following is a summary of advances to/from other funds at December 31, 2012:

Fund	Advances to Other Funds	Advances From Other Funds
General Fund	\$450,418	\$0
Other Governmental Funds	0	450,418
Totals	\$450,418	\$450,418

The advances were required due to various project costs being authorized in advance of the revenue proceeds schedule. Funds are scheduled to be returned to the General Fund next year.

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

Fund	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$0	\$1,255,000
Other Governmental Funds	1,255,000	0
Totals	<u>\$1,255,000</u>	<u>\$1,255,000</u>

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2012:

<i>Historical Cost:</i> Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$55,137,608	\$920,751	\$0	\$56,058,359
Antiques and Art	553,061	0	0	553,061
<i>Capital assets being depreciated:</i>				
Buildings	16,750,875	425,810	(161,695)	17,014,990
Land Improvements	8,517,971	879,478	0	9,397,449
Infrastructure	3,730,065	101,037	0	3,831,102
Machinery and Equipment	3,477,623	182,083	(49,967)	3,609,739
Total Cost	<u>\$88,167,203</u>	<u>\$2,509,159</u>	<u>(\$211,662)</u>	<u>\$90,464,700</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$7,716,860)	(\$391,986)	\$88,079	(\$8,020,767)
Land Improvements	(7,636,793)	(73,466)	0	(7,710,259)
Infrastructure	(1,025,373)	(83,347)	0	(1,108,720)
Machinery and Equipment	(1,896,246)	(247,716)	28,140	(2,115,822)
Total Depreciation	<u>(\$18,275,272)</u>	<u>(\$796,515)</u>	<u>\$116,219</u>	<u>(\$18,955,568)</u>
<i>Net Value:</i>	<u>\$69,891,931</u>			<u>\$71,509,132</u>

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

The following information was provided by OPERS to assist the District in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the District are established and may be amended by the OPERS Board. The District's required contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$589,236, \$606,703 and \$519,979, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$20,270 made by the District and \$14,479 made by the plan members.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the 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 health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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.

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

The District's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$235,694, \$242,681 and \$296,437, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended December 31, 2012 are as follows:

	Balance at December 31, 2011	Additions	Deductions	Balance at December 31, 2012	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	\$944,022	\$968,059	(\$944,022)	\$968,059	\$538,605

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 -RISK MANAGEMENT

A. General Insurance

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.) 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 governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty & Property Coverage	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Assets - Unrestricted	<u>\$20,181,216</u>	<u>\$19,175,131</u>
 Number of Members	 466	 455
 Unpaid Claims to be billed in the future	 Approx. \$12.6 million	 Approx. \$12.1 million

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 -RISK MANAGEMENT (Continued)

A. General Insurance (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$12.6 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012. PEP will collect these amounts in future annual premium billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately \$187,774.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2012 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

B. Health Insurance

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

C. Workers Compensation

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

NOTE 14 -CONTINGENT LIABILITIES

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2012.

***METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY, OHIO***



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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE			
<i>Direct Assistance</i>			
The American Recovery and Reinvestment Act of 2009 Wildland Fire Management	N/A	10.688	\$ <u>276,593</u>
U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION			
<i>Passed Through Ohio Department of Transportation and Toledo Metropolitan Area Council of Governments</i>			
Highway Planning and Construction Transportation Enhancement Grant	82572	20.205	<u>183,054</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through The Nature Conservancy</i>			
Great Lakes Restoration Initiative Wet Prairie Restoration in the Maumee Area of Concern	OHFO-GLRI-METRO-10/10-01	66.469	<u>114,233</u>
TOTAL			\$ <u><u>573,880</u></u>

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

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 24, 2013, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Park Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Metropolitan Park District of the Toledo Area's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Each Major Federal Program

In our opinion, Metropolitan Park District of the Toledo Area, Lucas County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 10.688 Wildland Fire Management CFDA # 20.205 Miscellaneous Grant, Transportation Enhancement Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Significant Deficiency due to errors identified in the budgetary comparison statements.	Yes	
2011-002	Material Weakness due to problems in successfully implementing new software system in order to generate correct reports.	Yes	
2011-003	Noncompliance with grant agreement and Significant Deficiency due to not submitting the monthly SF 270 and quarterly SF 425 Federal Financial Reports within a timely manner.	Yes	
2011-004	OMB Circular A-133 §.200for not filing A133 report within the nine month deadline.	Yes	



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METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 8, 2013**