



**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY, OHIO**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Park Commissioners
Cleveland Metropolitan Park District
Cuyahoga County
4101 Fulton Parkway
Cleveland, Ohio 44113

We have audited the accompanying general-purpose financial statements of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the Park District) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio as of December 31, 1999, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2000, on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 26, 2000

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Cleveland Metropolitan Park District
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

| | Governmental | Account Groups | | Totals (Memorandum Only) | |
|--|---------------------|----------------------|-------------------------------------|--------------------------------|----------------------|
| | Fund Type | General | General Long-Term Obligations | 1999 | 1998 |
| | General | Fixed Assets | | | |
| Assets and Other Debits | | | | | |
| Assets | | | | | |
| Cash and Investments | \$26,628,386 | \$0 | \$0 | \$26,628,386 | 26,325,118 |
| Cash and Investments with Fiscal Agents | 506,854 | 0 | 0 | 506,854 | 776,038 |
| Receivables: | | | | | |
| Taxes | 36,561,971 | 0 | 0 | 36,561,971 | 36,921,190 |
| Accounts | 210,061 | 0 | 0 | 210,061 | 78,152 |
| Accrued Interest | 184,216 | 0 | 0 | 184,216 | 148,561 |
| Intergovernmental Receivable | 6,833 | 0 | 0 | 6,833 | 4,858 |
| Materials and Supplies Inventory | 795,450 | 0 | 0 | 795,450 | 294,845 |
| Fixed Assets | 0 | 119,193,352 | 0 | 119,193,352 | 109,566,292 |
| Other Debits | | | | | |
| Amount to be Provided for Retirement of General Long-Term Obligations | 0 | 0 | 3,172,779 | 3,172,779 | 3,133,827 |
| <i>Total Assets and Other Debits</i> | <u>\$64,893,771</u> | <u>\$119,193,352</u> | <u>\$3,172,779</u> | <u>\$187,259,902</u> | <u>\$177,248,881</u> |
| Liabilities, Fund Equity and Other Credits | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$1,753,453 | \$0 | \$0 | \$1,753,453 | 2,404,574 |
| Accrued Wages | 936,561 | 0 | 0 | 936,561 | 794,691 |
| Compensated Absences Payable | 84,712 | 0 | 3,172,779 | 3,257,491 | 3,181,586 |
| Retainage Payable | 506,854 | 0 | 0 | 506,854 | 776,038 |
| Intergovernmental Payable | 376,907 | 0 | 0 | 376,907 | 336,201 |
| Deferred Revenue | 36,561,971 | 0 | 0 | 36,561,971 | 36,921,190 |
| <i>Total Liabilities</i> | <u>40,220,458</u> | <u>0</u> | <u>3,172,779</u> | <u>43,393,237</u> | <u>44,414,280</u> |
| Fund Equity and Other Credits | | | | | |
| Investment in General Fixed Assets | 0 | 119,193,352 | 0 | 119,193,352 | 109,566,292 |
| Fund Balance: | | | | | |
| Reserved for Encumbrances | 3,982,349 | 0 | 0 | 3,982,349 | 4,107,299 |
| Reserved for Inventory | 795,450 | 0 | 0 | 795,450 | 294,845 |
| Unreserved; Undesignated | 19,895,514 | 0 | 0 | 19,895,514 | 18,866,165 |
| <i>Total Fund Equity and Other Credits</i> | <u>24,673,313</u> | <u>119,193,352</u> | <u>0</u> | <u>143,866,665</u> | <u>132,834,601</u> |
| <i>Total Liabilities, Fund Equity and Other Credits</i> | <u>\$64,893,771</u> | <u>\$119,193,352</u> | <u>\$3,172,779</u> | <u>\$187,259,902</u> | <u>\$177,248,881</u> |

See accompanying notes to the general purpose financial statements

Cleveland Metropolitan Park District

Statement of Revenues, Expenditures

and Changes in Fund Balance

General Fund

For the Year Ended December 31, 1999

| | <u>1999</u> | <u>1998</u> |
|---|---------------------|---------------------|
| Revenues | | |
| Property Taxes | \$37,459,901 | \$36,469,485 |
| Grants/Local Government | 5,362,267 | 6,019,127 |
| Interest | 1,472,503 | 1,938,841 |
| Golf Receipts | 5,851,056 | 5,156,163 |
| Zoo Receipts | 5,260,100 | 5,229,590 |
| Chalet/Concession Receipts | 371,634 | 337,712 |
| Ledge Pool | 62,090 | 70,428 |
| Other | 1,293,376 | 1,642,152 |
| <i>Total Revenues</i> | <u>57,132,927</u> | <u>56,863,498</u> |
| Expenditures | | |
| Current: | | |
| Salaries and Fringes | 28,969,931 | 27,453,664 |
| Operating Supplies | 3,795,351 | 3,779,442 |
| Contractual Services | 3,435,498 | 3,204,816 |
| Utilities | 2,569,856 | 2,453,897 |
| Construction Materials | 1,249,018 | 1,130,033 |
| Construction Contracts | 14,013,627 | 19,425,217 |
| Zoo Animals | 122,995 | 65,021 |
| Capital Outlay | 2,072,252 | 2,355,137 |
| <i>Total Expenditures</i> | <u>56,228,528</u> | <u>59,867,227</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 904,399 | (3,003,729) |
| <i>Fund Balance Beginning of Year</i> | 23,268,309 | 26,253,031 |
| <i>Increase in Reserve for Inventory</i> | <u>500,605</u> | <u>19,007</u> |
| <i>Fund Balance End of Year</i> | <u>\$24,673,313</u> | <u>\$23,268,309</u> |

See accompanying notes to the general purpose financial statements

Cleveland Metropolitan Park District
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 1999*

| | General Fund | | |
|----------------------------|---------------------|---------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Property Taxes | \$37,220,000 | \$37,459,901 | \$239,901 |
| Grants/Local Government | 4,527,469 | 5,362,267 | 834,798 |
| Interest | 900,000 | 1,549,310 | 649,310 |
| Golf Receipts | 5,511,914 | 5,851,056 | 339,142 |
| Zoo Receipts | 5,365,261 | 5,146,055 | (219,206) |
| Chalet/Concession Receipts | 323,135 | 343,223 | 20,088 |
| Ledge Pool | 63,125 | 55,048 | (8,077) |
| Other | 876,614 | 1,293,376 | 416,762 |
| | <u>54,787,518</u> | <u>57,060,236</u> | <u>2,272,718</u> |
| <i>Total Revenues</i> | | | |
| Expenditures | | | |
| Current: | | | |
| Salaries and Fringes | 29,658,971 | 28,809,107 | 849,864 |
| Operating Supplies | 5,915,546 | 4,647,761 | 1,267,785 |
| Contractual Services | 5,825,409 | 4,967,211 | 858,198 |
| Utilities | 2,242,896 | 2,089,201 | 153,695 |
| Construction Materials | 2,031,846 | 1,584,476 | 447,370 |
| Construction Contracts | 22,255,230 | 16,262,822 | 5,992,408 |
| Zoo Animals | 276,910 | 162,034 | 114,876 |
| Capital Outlay | 4,193,363 | 3,149,106 | 1,044,257 |
| | <u>72,400,171</u> | <u>61,671,718</u> | <u>10,728,453</u> |
| | <u>72,400,171</u> | <u>61,671,718</u> | <u>10,728,453</u> |
| | <u>(17,612,653)</u> | <u>(4,611,482)</u> | <u>13,001,171</u> |
| | <u>(17,612,653)</u> | <u>(4,611,482)</u> | <u>13,001,171</u> |
| | <u>19,747,881</u> | <u>19,747,881</u> | <u>0</u> |
| | <u>19,747,881</u> | <u>19,747,881</u> | <u>0</u> |
| | <u>6,438,664</u> | <u>6,438,664</u> | <u>0</u> |
| | <u>6,438,664</u> | <u>6,438,664</u> | <u>0</u> |
| | <u>\$8,573,892</u> | <u>\$21,575,063</u> | <u>\$13,001,171</u> |
| | <u>\$8,573,892</u> | <u>\$21,575,063</u> | <u>\$13,001,171</u> |

See accompanying notes to the general purpose financial statements

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Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 1 - Reporting Entity and Basis of Presentation

The Cleveland Metropolitan Park District (the District) is a body politic established on July 23, 1917, by the Cuyahoga County Probate Court, under the authority of Section 1434.01, Ohio Revised Code.

The District's governing body is a three member board of park commissioners, who are appointed to three year terms by the Cuyahoga County Probate Court. Cuyahoga County cannot directly impose their will on the District; therefore, the District is a related organization of Cuyahoga County.

A. Reporting Entity

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

The report of the stand-alone government comprises all activities and services which are not legally separate for the District. The District is dedicated to the conservation of natural resources and wildlife, while providing various recreational facilities and services which are to be enjoyed by the public. The operation of each of these activities is directly controlled by the Board of Park Commissioners through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the stand-alone government.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Currently, the District has no component units.

B. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the District presents one broad governmental fund category.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 1 - Reporting Entity and Basis of Presentation (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental funds are those 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 are accounted for through governmental funds. The following is the District's governmental fund type:

General Fund This fund is the operating fund of the District and 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.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group The general fixed assets account group is used to account for all fixed assets of the District.

General Long-Term Obligations Account Group The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the District.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The general fund is accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the District is sixty days after year end.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Measurement Focus and Basis of Accounting (Continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, local government tax, golf fees, zoo admissions and park concessions.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

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

B. 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 budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. The general fund is legally required to be budgeted and appropriated.

All disbursements require appropriation authority. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the District Board of Park Commissioners.

Budget

A budget of estimated cash receipts and disbursements is prepared by the Treasurer, approved by the Board of Park Commissioners and submitted to the County Auditor, as Secretary of the County Budget Commission, by October 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each 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 will 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 ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Treasurer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Budgetary Process (Continued)

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available. Total fund appropriations may not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution. During the year, several supplemental appropriation measures were passed. However, none were significant in amount. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

The District is required by Ohio Law to use the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation is carried forward to the succeeding year without being reappropriated.

C. Cash and Investments

The District utilizes a fiscal agent to hold retainage on construction contracts. The balances of these accounts are presented on the combined balance sheet as "cash and investments with fiscal agents".

During 1999 the District's investments were limited to Federal Home Loan Bank Discount Notes, Federal National Mortgage Association Notes, Repurchase Agreements and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$1,472,503.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Inventory

Inventories of governmental funds are stated at cost and are determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures when purchased and is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

E. General Fixed Assets

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures, and the related assets are reported in the general fixed assets account group.

General fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Improvements are capitalized. Interest incurred during the construction of general fixed assets is not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks (all-purpose trails), drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the District.

Animal transactions that involve cash are recorded as a revenue or expenditure in the period the animal was shipped or received. The value of the zoological collection is not carried as an asset on the balance sheet of the District.

F. Accrued Liabilities and Long-Term Obligations

In general, general fund payables and accrued liabilities are reported as obligations of the fund, regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension obligations are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources.

G. Compensated Absences

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based upon the District's past experience of making termination payments.

The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the general fund. The remainder is reported in the general long-term obligations account group.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures including amounts that are legally segregated for a specific future use. Fund balance is reserved for encumbrances and inventories.

I. Estimates

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

J. Memorandum Only - Total Columns

The "Total" columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis:

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 3 - Budgetary Basis of Accounting (Continued)

| Excess of Revenues Over/(Under) Expenditures General Fund | |
|--|-----------------------------|
| GAAP Basis | \$904,399 |
| Net Adjustment for Revenue Accruals | (46,580) |
| Fair Value Adjustment for Investments | (26,111) |
| Net Adjustment for Expenditure Accruals | (415,978) |
| Encumbrances | <u>(5,027,212)</u> |
| Budget Basis | <u><u>(\$4,611,482)</u></u> |

Note 4 - Deposits and Investments

State statutes classify monies held by the District into three categories.

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No load market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 4 - Deposits and Investments (Continued)

6. The State Treasurer's investment pool (STAROhio).

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

The following information classifies deposits and investments by categories as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the District's deposits was \$11,441,592 and the bank balance was \$11,589,627. Of the bank balance, \$313,148 was covered by federal depository insurance and \$11,276,479 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the District's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments Investments are classified under the guidelines of GASB Statement No. 3 into three categories. Category 1 includes investments that are insured or registered or are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

| | Category 3 | Carrying Value | Fair Value |
|---|--------------------|---------------------|---------------------|
| Federal Home Loan Bank Discount Notes | \$979,016 | \$979,016 | \$979,016 |
| Federal National Mortgage Association Notes | 1,993,689 | 1,993,689 | 1,993,689 |
| Repurchase Agreement | 1,083,000 | 1,083,000 | 1,083,000 |
| STAROhio | | 11,637,943 | 11,637,943 |
| Total Investments | <u>\$4,055,705</u> | <u>\$15,693,648</u> | <u>\$15,693,648</u> |

Note 5 - Taxes

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in Cuyahoga County and Districts 16 and 17 in Medina County. Property tax revenue received during 1999 for real and public property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) are for 1999 taxes.

1999 real property taxes are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 5 - Taxes (Continued)

A. Property Taxes (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 Tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all District operations for the year ended December 31, 1999 was \$1.55 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

| | Cuyahoga County | Medina County |
|----------------------------------|--------------------|------------------|
| Real Property | \$21,695,145,490 | \$160,424,200 |
| Public Utility Personal Property | 1,334,942,700 | 8,410,260 |
| Tangible Personal Property | 2,859,050,352 | 3,941,890 |
| Total Assessed Value | \$25,889,138,542 | \$172,776,350 |

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

Tangible personal property taxes paid by multi-county taxpayers are due by September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurers collect property taxes on behalf of all taxing districts in the county, including the Cleveland Metropolitan Park District. The County Auditors periodically remit to the District its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

Note 6 - Receivables

Receivables at December 31, 1999 primarily consisted of taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible. The principal items of intergovernmental receivables are fees from other governmental entities.

Note 7 - Fixed Assets

A summary of changes in fixed assets during 1999 follows:

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 7 - Fixed Assets (Continued)

| | Balance January 1, 1999 | Additions | Deductions | Balance December 31, 1999 |
|----------------------------|----------------------------|---------------------|----------------------|------------------------------|
| Land | \$21,010,986 | \$122,995 | \$0 | \$21,133,981 |
| Buildings | 60,768,217 | 16,217,328 | (102,183) | 76,883,362 |
| Machinery and Equipment | 8,963,833 | 882,927 | (11,629) | 9,835,131 |
| Vehicles | 5,714,059 | 942,892 | (441,350) | 6,215,601 |
| Construction in Progress | 13,109,197 | 962,785 | (8,946,705) | 5,125,277 |
| Total | \$109,566,292 | \$19,128,927 | (\$9,501,867) | \$119,193,352 |

Note 8 - Contingencies

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

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the District contracted with several companies for various types of insurance as follows:

| Company | Type | Coverage |
|---------------|---|--------------|
| Coregis | Property | \$99,886,130 |
| Pinkney-Perry | General Liability/Law Enforcement Liability | 5,000,000 |
| | Excess Liability/Public Official Liability | 4,000,000 |
| Reliance | Automobile Liability/Inland Marine | 4,000,000 |
| | Employee Blanket/Theft/Forgery/Treasurer Bond | 1,000,000 |
| | Boiler and Machinery | 30,000,000 |
| | Data Processing Equipment | 2,547,641 |
| NFIP | Flood | 2,517,500 |

Workers' compensation coverage is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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

Note 10 - Long Term Obligations

Changes in the long-term obligations of the District during 1999 were as follows:

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 10 - Long Term Obligations (Continued)

| | Outstanding January 1, 1999 | Additions | (Reductions) | Outstanding December 31, 1999 |
|---------------------------------------|-----------------------------------|-----------------|--------------|-------------------------------------|
| General Long-term Obligations: | | | | |
| Compensated Absences | <u>\$3,133,827</u> | <u>\$38,952</u> | <u>\$0</u> | <u>\$3,172,779</u> |

Compensated absences reported in the "compensated absences payable" account will be paid from the general fund.

Note 11 - Compensated Absences

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

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

As of December 31, 1999, the liability for unpaid compensated absences was \$3,257,491.

Note 12 - Defined Benefit Pension Plans

A. Public Employee Retirement System

All District full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the District is required to contribute 9.35 percent. For law enforcement employees, the employee contribution is 9 percent and the employer contribution is 12.5 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$2,172,980, \$2,073,988, and \$1,752,481, respectively. The full amount has been contributed for 1998 and 1997. 97.38 percent has been contributed for 1999 with the remainder being reported as a fund liability.

Cleveland Metropolitan Park District
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Note 13 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service employees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees; 4.2 percent was the portion that was used to fund health care for the year 1999.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The District's actual contributions for 1999 which were used to fund OPEB were \$949,122.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

Note 14 - Contractual Commitments

At December 31, 1999, the District's significant contractual commitments consisted of:

| Project | Contract Amount | Amount Paid | Remaining on Contract |
|---------------------------|---------------------|---------------------|--------------------------|
| Painting in North Chagrin | \$778,866 | \$676,539 | \$102,327 |
| Ohio/Erie Canal | 8,519,503 | 8,232,302 | 287,201 |
| Zoo | 10,468,332 | 9,795,728 | 672,604 |
| Brookside | 1,382,874 | 1,375,273 | 7,601 |
| Euclid Creek | 683,000 | 672,000 | 11,000 |
| Rocky River | 5,259,198 | 2,857,615 | 2,401,583 |
| Mill Stream | 305,737 | 266,000 | 39,737 |
| Bradley Woods | 259,397 | 251,597 | 7,800 |
| Total | <u>\$27,656,907</u> | <u>\$24,127,054</u> | <u>3,529,853</u> |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Cleveland Metropolitan Park District (the Park District) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and the Board of Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 25, 2000**