



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ERIE METROPARKS
ERIE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Type – For the Year Ended December 31, 2001	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Type – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	9
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Erie MetroParks
Erie County
3910 East Perkins Avenue, Building C
Huron, Ohio 44839-1059

To the Board of Commissioners:

We have audited the accompanying financial statements of Erie MetroParks (the District) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the District as of December 31, 2001 and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, 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", written in a cursive style.

Jim Petro
Auditor of State

June 10, 2002

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**ERIE METROPARKS
ERIE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Type	
	General	Special Revenue
Cash Receipts:		
General Property Tax - Real Estate	\$1,066,900	
Intergovernmental	169,321	\$9,164
Investment Income	17,004	
Gifts and Donations		
Fees	87,831	
Sales	588	
Contracts - Services	11,000	
Other Receipts	53,224	
	<u>1,405,868</u>	<u>9,164</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Salaries - Employees	707,889	25,270
Supplies, Materials and Equipment	116,827	
Contracts - Repair and Services	211,279	
Rentals	1,000	
Advertising and Printing	18,164	
Travel	4,054	
Grants	4,850	
Debt:		
Payment of Principal		
Payment of Interest		
Other	226,053	
	<u>1,290,116</u>	<u>25,270</u>
Total Cash Disbursements		
Total Receipts Over/(Under) Disbursements	<u>115,752</u>	<u>(16,106)</u>
Other Financing Receipts/(Disbursements):		
Transfers-In		12,869
Transfers-Out	(46,379)	
Other Sources	37,987	244
	<u>(8,392)</u>	<u>13,113</u>
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	107,360	(2,993)
Fund Cash Balances, January 1	<u>362,991</u>	<u>5,176</u>
Fund Cash Balances, December 31	<u>\$470,351</u>	<u>\$2,183</u>
Reserves for Encumbrances, December 31	<u>\$37,521</u>	<u></u>

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

<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
			\$1,066,900
			178,485
		\$1,832	18,836
		47,775	47,775
			87,831
			588
			11,000
			53,224
		49,607	1,464,639
			733,159
			116,827
	\$13,250		224,529
			1,000
			18,164
			4,054
			4,850
\$15,500			15,500
6,510			6,510
		21,617	247,670
22,010	13,250	21,617	1,372,263
(22,010)	(13,250)	27,990	92,376
22,010	11,500		46,379
			(46,379)
			38,231
22,010	11,500		38,231
	(1,750)	27,990	130,607
	21,680	40,513	430,360
	\$19,930	\$68,503	\$560,967
		\$500	\$38,021

**ERIE METROPARKS
ERIE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Type	
	General	Special Revenue
Cash Receipts:		
General Property Tax - Real Estate	\$1,035,172	
Intergovernmental	237,148	\$12,546
Investment Income	24,806	
Gifts and Donations		
Fees	83,192	
Sales	882	
Contracts - Services	11,000	
Other Receipts	1,752	
	<u>1,393,952</u>	<u>12,546</u>
Total Cash Receipts	1,393,952	12,546
Cash Disbursements:		
Current:		
Salaries - Employees	674,919	22,740
Supplies, Materials and Equipment	99,192	
Contracts - Repair and Services	236,817	
Rentals	(529)	
Advertising and Printing	13,802	
Travel	3,240	
Grants	203,168	
Debt:		
Payment of Principal		
Payment of Interest		
Other	201,837	
	<u>1,432,446</u>	<u>22,740</u>
Total Cash Disbursements	1,432,446	22,740
Total Receipts Over/(Under) Disbursements	(38,494)	(10,194)
Other Financing Receipts/(Disbursements):		
Transfers-In		11,191
Transfers-Out	(34,015)	
Other Sources	47,291	
	<u>13,276</u>	<u>11,191</u>
Total Other Financing Receipts/(Disbursements)	13,276	11,191
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,218)	997
Fund Cash Balances, January 1	<u>388,209</u>	<u>4,179</u>
Fund Cash Balances, December 31	<u>\$362,991</u>	<u>\$5,176</u>
Reserves for Encumbrances, December 31	<u>\$15,639</u>	<u></u>

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

<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
			\$1,035,172
			249,694
		\$2,729	27,535
		38,673	38,673
			83,192
			882
			11,000
			1,752
			<hr/>
		41,402	1,447,900
			<hr/>
			697,659
			99,192
	\$8,320		245,137
			(529)
			13,802
			3,240
			203,168
\$15,500			15,500
7,324			7,324
		23,861	225,698
<hr/>	<hr/>	<hr/>	<hr/>
22,824	8,320	23,861	1,510,191
<hr/>	<hr/>	<hr/>	<hr/>
(22,824)	(8,320)	17,541	(62,291)
<hr/>	<hr/>	<hr/>	<hr/>
22,824			34,015
			(34,015)
			47,291
<hr/>	<hr/>	<hr/>	<hr/>
22,824			47,291
<hr/>	<hr/>	<hr/>	<hr/>
	(8,320)	17,541	(15,000)
	30,000	22,972	445,360
<hr/>	<hr/>	<hr/>	<hr/>
	\$21,680	\$40,513	\$430,360
<hr/>	<hr/>	<hr/>	<hr/>
		\$15	\$15,654
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**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Erie MetroParks (the District) is a body corporate and politic 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 Erie County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

As permitted by the Ohio Revised Code, the Erie County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

C.O.P.S. Grant Fund – This fund receives federal grant money to help pay the salary of one of the park rangers.

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness:

General Bond Retirement Fund – This fund receives transfers from the General Fund to make the annual payment of principal and interest due on the Park Acquisition Notes discussed in Note 4.

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District had the following significant Capital Project Fund:

Replacement Fund – This fund receives transfers from the General Fund to set aside funds to replace, restore, or improve any park property that is destroyed, partially destroyed or unfit to serve its purpose and residents.

5. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. The District had the following significant fiduciary fund:

Donation Fund – This fund receives money that is donated to the District through the probate court.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 2.

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,354,179	\$1,443,855	\$89,676
Special Revenue	20,899	22,277	1,378
Debt Service	22,010	22,010	
Capital Projects	11,500	11,500	
Fiduciary	12,402	49,607	37,205
Total	<u>\$1,420,990</u>	<u>\$1,549,249</u>	<u>\$128,259</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,717,169	\$1,374,016	\$343,153
Special Revenue	26,075	25,270	\$805
Debt Service	22,010	22,010	
Capital Projects	33,180	13,250	\$19,930
Fiduciary	52,915	22,117	30,798
Total	<u>\$1,851,349</u>	<u>\$1,456,663</u>	<u>\$394,686</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,519,394	\$1,441,243	(\$78,151)
Special Revenue	23,544	23,737	193
Debt Service	22,824	22,824	
Capital Projects	14,000		(14,000)
Fiduciary	38,861	41,402	2,541
Total	<u>\$1,618,623</u>	<u>\$1,529,206</u>	<u>(\$89,417)</u>

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,907,603	\$1,374,016	\$533,587
Special Revenue	23,913	22,740	\$1,173
Debt Service	22,824	22,824	
Capital Projects	44,000	8,320	\$35,680
Fiduciary	39,673	23,876	15,797
Total	\$2,038,013	\$1,451,776	\$586,237

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

4. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$108,500	5.25%

The District issued General Obligation Park Acquisition Bonds on July 1, 1998, in the amount of \$155,000 at 5.25% for a term of ten years to improve the parks and to acquire additional park land. Interest and principal payments are due annually to the Citizen's Banking Company. The Bonds are collateralized by the taxing authority of the District.

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

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Year ending December 31:	General Obligation Bonds
2002	\$21,196
2003	20,383
2004	19,569
2005	18,755
2006	17,941
2007 – 2008	33,441
Total	\$131,285

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

6. RISK POOL MEMBERSHIP

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 insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

7. CONTINGENT LIABILITIES

The District is involved in two lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the District's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Erie MetroParks
Erie County
3910 East Perkins Avenue, Building C
Huron, Ohio 44839-1059

To the Board of Commissioners:

We have audited the accompanying financial statements of Erie MetroParks (the District) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 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. However, we noted a matter involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 10, 2002.

Erie MetroParks
Erie County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of 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". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 10, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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ERIE METROPARKS

ERIE 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 2, 2002**