



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 the accompanying financial statements of the Metropolitan Park District of the Toledo Area (the District) as of and for the years ended December 31, 2003 and 2002. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2003 and 2002, and its combined 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 November 9, 2004 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 audits.

This report is intended solely for the information and use of the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 9, 2004

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

**COMBINED 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, 2003**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Expendable Trust	
Cash Receipts:				
Property Taxes	\$ 8,385,234	\$ 2,085,033		\$ 10,470,267
Intergovernmental	2,205,433	254,866		2,460,299
Grants	244,840	838,651		1,083,491
Interest Income	76,924	17,363	\$ 10,982	105,269
Donations		210,689	6	210,695
Fees	212,836	91,227		304,063
Sales	100,209	9,736		109,945
Contracts - Services	44,454	90		44,544
Fines and Forfeits	8,840	1,534		10,374
Other Receipts	3,392	2,325		5,717
Total Cash Receipts	11,282,162	3,511,514	10,988	14,804,664
Cash Disbursements:				
Current:				
Salaries - Employees	5,122,433			5,122,433
Insurance	684,428			684,428
Materials and Supplies	467,196	9,452		476,648
Equipment	289,126			289,126
Contracts - Repair	81,024			81,024
Contracts - Services	1,877,485	209,833		2,087,318
Major Maintenance	67,880		39,608	107,488
Land	21,218	3,059,110		3,080,328
Medicare	47,015			47,015
Public Employees Retirement	874,646			874,646
Workers' Compensation	12,170			12,170
Unemployment Compensation	3,913			3,913
Capital Outlay	1,158,577	21,251	17,002	1,196,830
Other	53,331	175,539	80,716	309,586
Total Cash Disbursements	10,760,442	3,475,185	137,326	14,372,953
Total Cash Receipts Over/(Under) Cash Disbursements	521,720	36,329	(126,338)	431,711
Other Financing Receipts/(Disbursements):				
Refunds/Reimbursements	72,098	416		72,514
Refund of Deposits	(10,413)			(10,413)
Other Sources	1,080	55,000	6,605	62,685
Other Uses		(11,206)	(61,605)	(72,811)
Total Other Financing Receipts/(Disbursements)	62,765	44,210	(55,000)	51,975
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	584,485	80,539	(181,338)	483,686
Fund Cash Balances, January 1	6,783,789	975,731	1,084,841	8,844,361
Fund Cash Balances, December 31	\$ 7,368,274	\$ 1,056,270	\$ 903,503	\$ 9,328,047
Reserves for Encumbrances, December 31	\$ 1,415,522	\$ 42,207	\$ 19,654	\$ 1,477,383

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**COMBINED 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, 2002**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Expendable Trust	
Cash Receipts:				
Property Taxes	\$ 8,365,906			\$ 8,365,906
Intergovernmental	2,208,928			2,208,928
Grants	874,171			874,171
Interest Income	157,112	\$ 18,227	\$ 22,843	198,182
Donations		78,033		78,033
Fees	226,884	88,260		315,144
Sales	81,594			81,594
Contracts - Services	79,310			79,310
Fines and Forfeits	5,339	575		5,914
Other Receipts	3,359			3,359
Total Cash Receipts	<u>12,002,603</u>	<u>185,095</u>	<u>22,843</u>	<u>12,210,541</u>
Cash Disbursements:				
Current:				
Salaries - Employees	4,742,166			4,742,166
Insurance	560,260			560,260
Materials and Supplies	440,869	7,399		448,268
Equipment	540,459			540,459
Contracts - Repair	95,580			95,580
Contracts - Services	1,733,755	37,434		1,771,189
Major Maintenance	179,568			179,568
Land	2,173,678			2,173,678
Medicare	39,715			39,715
Public Employees Retirement	688,560			688,560
Workers' Compensation	11,211			11,211
Unemployment Compensation	1,196			1,196
Capital Outlay	1,789,663	76,511	213,648	2,079,822
Other	24,966	77,059	4,636	106,661
Total Cash Disbursements	<u>13,021,646</u>	<u>198,403</u>	<u>218,284</u>	<u>13,438,333</u>
Total Cash Disbursements Over Cash Receipts	<u>(1,019,043)</u>	<u>(13,308)</u>	<u>(195,441)</u>	<u>(1,227,792)</u>
Other Financing Receipts/(Disbursements):				
Refunds/Reimbursements	69,356	3,158		72,514
Refund of Deposits	(8,297)			(8,297)
Other Sources	106			106
Total Other Financing Receipts/(Disbursements)	<u>61,165</u>	<u>3,158</u>		<u>64,323</u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(957,878)	(10,150)	(195,441)	(1,163,469)
Fund Cash Balances, January 1	7,741,667	985,881	1,280,282	10,007,830
Fund Cash Balances, December 31	<u>\$ 6,783,789</u>	<u>\$ 975,731</u>	<u>\$ 1,084,841</u>	<u>\$ 8,844,361</u>
Reserves for Encumbrances, December 31	<u>\$ 1,677,597</u>	<u>\$ 2,873</u>	<u>\$ 36,049</u>	<u>1,716,519</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Metropolitan Park District of the Toledo Area, Lucas County, (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 Lucas 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

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

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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 Funds

These funds are 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 Funds:

Cardinal Fund – To account for the receipt and expenditure of donations.

Members Fund – The revenue is generated from membership fees which are used to provide special programming and benefits to members of the District and to fund certain designated projects.

Land Acquisition Fund – To account for the tax receipts generated from a 3/10 mil levy and for the purpose of acquiring land.

3. Fiduciary Funds (Trust Funds)

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

Secor – Receives interest income and donations to be used for the maintenance and improvement of Secor Park.

Shepherst – Receives interest income and donations to be used for the maintenance and improvement of any park or park facility.

Terry – Receives interest income and donations to be used for the maintenance and improvement of the Wildwood Manor House.

E. Budgetary Process

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 2003 and 2002 budgetary activity appears in Note 3.

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. EQUITY IN POOLED CASH

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

	2003	2002
Demand deposits	\$ 9,328,047	\$ 8,844,361

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,291,351	\$ 11,355,340	\$ 63,989
Special Revenue	3,442,235	3,566,930	124,695
Fiduciary	17,750	17,593	(157)
Total	\$ 14,751,336	\$ 14,939,863	\$ 188,527

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 12,682,430	\$ 12,186,377	\$ 496,053
Special Revenue	3,536,480	3,528,598	7,882
Fiduciary	302,649	218,585	84,064
Total	\$ 16,521,559	\$ 15,933,560	\$ 587,999

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 10,899,639	\$ 12,072,065	\$ 1,172,426
Special Revenue	27,000	188,253	161,253
Fiduciary	38,000	22,843	(15,157)
Total	\$ 10,964,639	\$ 12,283,161	\$ 1,318,522

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,342,608	\$ 14,707,540	\$ 635,068
Special Revenue	430,990	201,276	229,714
Fiduciary	294,935	254,333	40,602
Total	\$ 16,068,533	\$ 15,163,149	\$ 905,384

4. 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.

6. RETIREMENT SYSTEM

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, members of OPERS contributed 8.5 percent and the park rangers contributed the law enforcement rate of 10.1 percent of their gross salaries. The District contributed an amount equal to 13.55 percent and 16.70 percent respectively of participants' gross salaries through

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

December 31, 2003. The District has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

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 coverage 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 claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 Park District.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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, 2003 and 2002:

Casualty Coverage	2003	2002
Assets	\$ 25,288,098	\$ 20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained Earnings	\$ 12,415,113	\$ 11,624,228
Property Coverage	2003	2002
Assets	\$ 3,158,813	\$ 2,565,408
Liabilities	(792,061)	(655,318)
Retained Earnings	\$ 2,366,752	\$ 1,910,090

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL 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 the accompanying financial statements of Metropolitan Park District of the Toledo Area (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 9, 2004. We conducted our audits 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 audits 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 audits, 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 does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 9, 2004.

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 9, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
DECEMBER 7, 2004**