METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2011

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Land Acquisition funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the District implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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www.auditor.state.oh.us

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The schedule of federal awards expenditures additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State

December 19, 2012

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2011

The discussion and analysis of Metropolitan Park District of the Toledo Area's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets increased $8,229,559. Net assets of governmental activities increased $8,228,590, which represents a 9.9% increase from 2010. Net assets of business-type activities increased $969 from 2010.
- General revenues accounted for $15,394,908 in revenue or 82.2% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $3,330,355 or 17.8% of total revenues of $18,725,263.
- The District had $10,466,767 in expenses related to governmental activities; only $3,300,449 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted intergovernmental revenues) of $15,394,908 were adequate to provide for these programs.
- Among major funds, the general fund had $13,629,870 in revenues and other financing sources and $11,622,907 in expenditures and other financing uses. The general fund's fund balance increased $2,006,963 to $13,509,077 for 2011. The net increase of all governmental funds was $2,371,866.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating.

- To assess the overall health of the District you need to consider additional nonfinancial factors such as the District's tax base and the condition of the District's capital assets

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

- *Governmental Activities* – Most of the District's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

- *Business-type activity* - The District has one business-type activity, retail operations. This fund was established by the District in 2005**.** This includes the District's retail operations at the Wildwood Farmhouse and the Providence General Store.

Fund Financial Statements

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

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

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2011

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

Government-Wide Financial Analysis

The following table provides a comparison of the District's net assets between December 31, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$34,322,200	$31,965,441	$23,584	$22,727	$34,345,784	$31,988,168
Capital assets, Net	69,891,931	63,812,121	0	0	69,891,931	63,812,121
Total assets	104,214,131	95,777,562	23,584	22,727	104,237,715	95,800,289
Long-term debt outstanding	944,022	898,162	0	0	944,022	898,162
Other liabilities	12,216,340	12,054,221	16	128	12,216,356	12,054,349
Total liabilities	13,160,362	12,952,383	16	128	13,160,378	12,952,511
Net assets						
Invested in capital assets, net of related debt	69,891,931	63,812,121	0	0	69,891,931	63,812,121
Restricted	6,320,269	5,951,209	0	0	6,320,269	5,951,209
Unrestricted	14,841,569	13,061,849	23,568	22,599	14,865,137	13,084,448
Total net assets	$91,053,769	$82,825,179	$23,568	$22,599	$91,077,337	$82,847,778

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Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2011

Changes in Net Assets – The following table provides a comparison of the changes in net assets for fiscal year 2011 and 2010:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for Services and Sales	$538,803	$440,887	$29,906	$33,197	$568,709	$474,084
Capital Grants and Contributions	2,761,646	2,537,974	0	0	2,761,646	2,537,974
General revenues:						
Property Taxes	11,573,017	11,551,917	0	0	11,573,017	11,551,917
Intergovernmental Revenue, Unrestricted	3,587,271	4,183,561	0	0	3,587,271	4,183,561
Investment Earnings	78,952	103,587	0	0	78,952	103,587
Miscellaneous	155,668	165,301	0	0	155,668	165,301
Total revenues	18,695,357	18,983,227	29,906	33,197	18,725,263	19,016,424
Program Expenses						
Parks and Recreation	10,466,767	11,962,294	0	0	10,466,767	11,962,294
Retail Operations Fund	0	0	28,937	26,495	28,937	26,495
Total expenses	10,466,767	11,962,294	28,937	26,495	10,495,704	11,988,789
Change in Net Assets	8,228,590	7,020,933	969	6,702	8,229,559	7,027,635
Beginning Net Assets	82,825,179	75,804,246	22,599	15,897	82,847,778	75,820,143
Ending Net Assets	$91,053,769	$82,825,179	$23,568	$22,599	$91,077,337	$82,847,778

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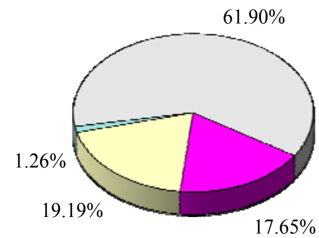
Governmental Activities

Net assets of governmental activities increased $8,228,590 or 9.9% during 2011. Increased program revenues helped to offset decreased unrestricted intergovernmental revenue in 2011. With anticipated reduced tax collections the District applied across-the-board expenditure reductions.

Property taxes made up 61.90% of revenues for governmental activities for the District in fiscal year 2011. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2011	Percent of Total
Property Taxes	$11,573,017	61.90%
Program Revenues	3,300,449	17.65%
Intergovernmental	3,587,271	19.19%
General Other	234,620	1.26%
Total Revenue	$18,695,357	100.00%

2011



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

For the General Fund, the final budget basis revenue and other financing sources of $12,901,477 did not change when compared to original budget estimates. Total actual revenue and other financing sources were 4.9% above final budget estimates. Final budget basis expenditures and other financing uses increased by $43,200 when compared to original budget figures. Total actual expenditures and other financing uses were 4.4% below final budgeted figures.

Business-Type Activities

The Retail Operations Fund was established in 2005 to separately account for retail operations activity that was previously accounted for in the General Fund. In 2011, the revenues of the retail operations exceeded operating costs for the second consecutive year. Closure of one of the retail operations helped to put the fund into the black.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the District had $69,891,931 net of accumulated depreciation invested in land, antiques and art, buildings, land improvements, machinery and equipment and infrastructure. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	$55,137,608	$50,743,810	$4,393,798
Antiques and Art	553,061	553,061	0
Land Improvements	8,517,971	8,164,049	353,922
Buildings	16,750,875	15,002,615	1,748,260
Machinery and Equipment	3,477,623	3,372,200	105,423
Infrastructure	3,730,065	3,753,011	(22,946)
Less: Accumulated Depreciation	(18,275,272)	(17,776,625)	(498,647)
Totals	$69,891,931	$63,812,121	$6,079,810

The primary increases occurred in land and buildings due to various property acquisitions in 2011.

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

Debt

At December 31, 2011, the District had $944,022 in noncurrent liabilities, $538,404 due within one year. The following table summarizes the District's noncurrent liabilities outstanding as of December 31, 2011 and 2010:

	2011	2010
Governmental Activities:		
Compensated Absences	$944,022	$898,162
Total Governmental Activities	$944,022	$898,162

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2011

ECONOMIC FACTORS

The Metropolitan Park District of the Toledo Area acquires lands for the conservation of significant natural, historical and cultural resources. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare. The District receives the majority of its funding from property taxes, state and federal grants and charges for services (program fees). The District employs 76 full time, 27 part-time, and 72 seasonal/intern employees. The Board periodically reviews park fees to help offset the costs of park operations.

REQUESTS FOR INFORMATION

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

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

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Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 19,758,242	$ 23,584	$ 19,781,826
Receivables:			
Taxes	12,967,815	0	12,967,815
Intergovernmental	1,596,143	0	1,596,143
Non-Depreciable Capital Assets	55,690,669	0	55,690,669
Depreciable Capital Assets, Net	14,201,262	0	14,201,262
Total Assets	104,214,131	23,584	104,237,715
Liabilities:			
Accounts Payable	219,281	0	219,281
Accrued Wages and Benefits Payable	150,815	0	150,815
Intergovernmental Payable	283,080	16	283,096
Unearned Revenue	11,563,164	0	11,563,164
Noncurrent liabilities:			
Due within one year	538,404	0	538,404
Due in more than one year	405,618	0	405,618
Total Liabilities	13,160,362	16	13,160,378
Net Assets:			
Invested in Capital Assets, Net of Related Debt	69,891,931	0	69,891,931
Restricted For:			
Capital Projects	723,845	0	723,845
Other Purposes	5,533,023	0	5,533,023
Permanent Fund:			
Expendable	23,401	0	23,401
Nonexpendable	40,000	0	40,000
Unrestricted	14,841,569	23,568	14,865,137
Total Net Assets	$ 91,053,769	$ 23,568	$ 91,077,337

See accompanying notes to the basic financial statements

Statement Of Activities
For The Year Ended December 31, 2011

		Program Revenues	
	Expenses	Charges for Services and Sales	Capital Grants and Contributions
Governmental Activities:			
Parks and Recreation	$ 10,466,767	$ 538,803	$ 2,761,646
Total Governmental Activities	10,466,767	538,803	2,761,646
Business-Type Activities:			
Retail Operations	28,937	29,906	0
Total Business-Type Activities	28,937	29,906	0
Totals	$ 10,495,704	$ 568,709	$ 2,761,646

General Revenues:
Property Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (7,166,318)	$ 0	$ (7,166,318)
(7,166,318)	0	(7,166,318)
0	969	969
0	969	969
(7,166,318)	969	(7,165,349)
11,573,017	0	11,573,017
3,587,271	0	3,587,271
78,952	0	78,952
155,668	0	155,668
15,394,908	0	15,394,908
8,228,590	969	8,229,559
82,825,179	22,599	82,847,778
$ 91,053,769	$ 23,568	$ 91,077,337

Balance Sheet
Governmental Funds
December 31, 2011

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 13,446,836	$ 2,206,199	$ 4,105,207	$ 19,758,242
Receivables:				
Property Taxes	10,794,481	2,173,334	0	12,967,815
Intergovernmental	1,280,385	133,930	181,828	1,596,143
Advance to Other Funds	458,048	0	0	458,048
Total Assets	$ 25,979,750	$ 4,513,463	$ 4,287,035	$ 34,780,248
Liabilities:				
Accounts Payable	$ 138,198	$ 19,256	$ 61,827	$ 219,281
Accrued Wages and Benefits Payable	138,999	2,757	9,059	150,815
Intergovernmental Payable	269,534	1,390	12,156	283,080
Deferred Revenue	11,923,942	2,277,041	190,177	14,391,160
Advances from Other Funds	0	0	458,048	458,048
Total Liabilities	12,470,673	2,300,444	731,267	15,502,384
Fund Balances:				
Nonspendable	0	0	40,000	40,000
Restricted	0	2,213,019	748,504	2,961,523
Committed	0	0	2,997,564	2,997,564
Assigned	1,226,344	0	0	1,226,344
Unassigned/(Deficit)	12,282,733	0	(230,300)	12,052,433
Total Fund Balances	13,509,077	2,213,019	3,555,768	19,277,864
Total Liabilities and Fund Balances	$ 25,979,750	$ 4,513,463	$ 4,287,035	$ 34,780,248

See accompanying notes to the basic financial statements

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities December 31, 2011

Total Governmental Fund Balances	$ 19,277,864
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	69,891,931
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	2,827,996
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences Payable	(944,022)
Net Assets of Governmental Funds	$ 91,053,769

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$ 9,739,058	$ 1,946,593	$ 0	$ 11,685,651
Intergovernmental Revenues	3,332,256	1,535,610	1,039,519	5,907,385
Fines and Forfeitures	3,486	0	460	3,946
Charges for Services	266,093	0	73,754	339,847
Sales	40,598	0	43,308	83,906
Fees	0	0	111,104	111,104
Donations	776	0	476,495	477,271
Investment Earnings	107,393	0	412	107,805
All Other Revenue	88,169	54,981	12,518	155,668
Total Revenue	13,577,829	3,537,184	1,757,570	18,872,583
Expenditures:				
Current:				
Parks and Recreation	10,347,907	3,331,483	2,873,368	16,552,758
Total Expenditures	10,347,907	3,331,483	2,873,368	16,552,758
Excess (Deficiency) of Revenues Over Expenditures	3,229,922	205,701	(1,115,798)	2,319,825
Other Financing Sources (Uses):				
Sale of Capital Assets	52,041	0	0	52,041
Transfers In	0	0	1,275,000	1,275,000
Transfers Out	(1,275,000)	0	0	(1,275,000)
Total Other Financing Sources (Uses)	(1,222,959)	0	1,275,000	52,041
Net Change in Fund Balance	2,006,963	205,701	159,202	2,371,866
Fund Balances at Beginning of Year	11,502,114	2,007,318	3,396,566	16,905,998
Fund Balances End of Year	$ 13,509,077	$ 2,213,019	$ 3,555,768	$ 19,277,864

See accompanying notes to the basic financial statements

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds	$	2,371,866
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation.		6,205,122
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets.		(125,312)
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(177,226)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(45,860)
Change in Net Assets of Governmental Activities	$	8,228,590

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 9,525,000	$ 9,525,000	$ 9,591,981	$ 66,981
Intergovernmental Revenue	2,653,066	2,653,066	3,375,609	722,543
Fines and Forfeitures	2,500	2,500	3,486	986
Charges for Services	281,411	281,411	288,343	6,932
Sales	62,000	62,000	40,598	(21,402)
Donations	2,000	2,000	776	(1,224)
Investment Earnings	62,500	62,500	92,747	30,247
All Other Revenue	12,500	12,500	2,837	(9,663)
Total Revenues	12,600,977	12,600,977	13,396,377	795,400
Expenditures:				
Current:				
Parks and Recreation	11,299,752	11,227,952	10,621,225	606,727
Total Expenditures	11,299,752	11,227,952	10,621,225	606,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,301,225	1,373,025	2,775,152	1,402,127
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	52,041	52,041
Transfers Out	(1,275,000)	(1,275,000)	(1,275,000)	0
Advances In	168,000	168,000	0	(168,000)
Advances Out	(167,418)	(282,418)	(282,418)	0
Other Sources	132,500	132,500	85,332	(47,168)
Total Other Financing Sources (Uses):	(1,141,918)	(1,256,918)	(1,420,045)	(163,127)
Net Change in Fund Balance	159,307	116,107	1,355,107	1,239,000
Fund Balance at Beginning of Year	10,274,123	10,274,123	10,274,123	0
Prior Year Encumbrances	497,535	497,535	497,535	0
Fund Balance at End of Year	$ 10,930,965	$ 10,887,765	$ 12,126,765	$ 1,239,000

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Land Acquisition Levy Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,882,100	$ 1,882,100	$ 1,916,370	$ 34,270
Intergovernmental Revenue	252,900	252,900	1,535,610	1,282,710
Total Revenues	2,135,000	2,135,000	3,451,980	1,316,980
Expenditures:				
Current:				
Parks and Recreation	1,626,378	3,941,385	3,492,537	448,848
Total Expenditures	1,626,378	3,941,385	3,492,537	448,848
Excess (Deficiency) of Revenues Over (Under) Expenditures	508,622	(1,806,385)	(40,557)	1,765,828
Other Financing Sources (Uses):				
Other Sources	0	0	54,981	54,981
Total Other Financing Sources (Uses):	0	0	54,981	54,981
Net Change in Fund Balance	508,622	(1,806,385)	14,424	1,820,809
Fund Balance at Beginning of Year	1,910,556	1,910,556	1,910,556	0
Prior Year Encumbrances	122,103	122,103	122,103	0
Fund Balance at End of Year	$ 2,541,281	$ 226,274	$ 2,047,083	$ 1,820,809

See accompanying notes to the basic financial statements

Statement of Net Assets
Enterprise Fund
December 31, 2011

	Retail Operations
ASSETS:	
Current assets:	
Cash and Cash Equivalents	$ 23,584
Total Assets	23,584
LIABILITIES:	
Current Liabilities:	
Intergovernmental Payable	16
Total Liabilities	16
NET ASSETS:	
Unrestricted	23,568
Total net assets	$ 23,568

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended December 31, 2011

	Retail Operations
Operating Revenues:	
Sales	$ 28,603
Other Operating Revenue	1,303
Total Operating Revenues	29,906
Operating Expenses:	
Personal Services	8,681
Contractual Services	2,704
Materials and Supplies	17,552
Total Operating Expenses	28,937
Change in Net Assets	969
Net Assets Beginning of Year	22,599
Net Assets End of Year	$ 23,568

See accompanying notes to the basic financial statements

Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2011

	Retail Operations
Cash Flows from Operating Activities:	
Cash Received from Customers	$29,906
Cash Payments for Goods and Services	(20,256)
Cash Payments to Employees	(8,793)
Net Cash Provided by Operating Activities	857
Net Increase in Cash and Cash Equivalents	857
Cash and Cash Equivalents at Beginning of Year	22,727
Cash and Cash Equivalents at End of Year	$23,584
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$969
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Intergovernmental Payable	(112)
Total Adjustments	(112)
Net Cash Provided by Operating Activities	$857

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

C. Basis of Presentation – Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Property taxes measurable as of December 31, 2011 but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 through December 31. The appropriation resolution establishes spending controls at object level within each fund, and may be modified during the year by resolution of the District Board of Commissioners. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level within each fund. The allocation of appropriations within a fund may be modified with the approval of the District Board Commissioners. During 2011, several supplemental appropriations measures were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund and major special revenue funds are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications of.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

Net Change in Fund Balance

	General Fund	Land Acquisition Levy Fund
GAAP Basis (as reported)	$2,006,963	$205,701
Increase (Decrease):		
Accrued Revenues at December 31, 2011 received during 2012	(160,389)	(30,223)
Accrued Revenues at December 31, 2010 received during 2011	64,269	0
Accrued Expenditures at December 31, 2011 paid during 2012	546,731	23,403
Accrued Expenditures at December 31, 2010 paid during 2011	(497,133)	(25,341)
2011 Advance Activity	(282,418)	0
Outstanding Encumbrances	(322,916)	(159,116)
Budget Basis	$1,355,107	$14,424

F. Cash and Investments

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

Following Ohio statutes and Board Policy, interest is credited initially to the general fund and reallocated to all eligible funds on a quarterly basis. Interest receipts credited in 2011 was $78,952.

H. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Depreciation

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

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

I. Long-Term Obligations

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

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

J. Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. Pensions

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

L. Net Assets

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

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

M. Interfund Activity

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

N. Interfund Assets/Liabilities

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance

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

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

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

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

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

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

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

P. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Operating Revenues and Expenses

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND BALANCE/NET ASSETS

For 2011 the District implemented GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. The application of this new standard did not have an effect on prior year fund balances.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Land Acquisition Levy	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Endowment	$0	$0	$40,000	$40,000
Total Nonspendable	0	0	40,000	40,000
Restricted:				
Land Acquistion	0	2,213,019	0	2,213,019
Law Enforcement	0	0	1,258	1,258
Endowment Earnings	0	0	23,401	23,401
Capital Improvements	0	0	723,845	723,845
Total Restricted	0	2,213,019	748,504	2,961,523
Committed:				
Park Programs	0	0	2,279,997	2,279,997
Membership Activities	0	0	254,162	254,162
Educational Programs	0	0	463,405	463,405
Total Committed	0	0	2,997,564	2,997,564
Assigned:				
Encumbrances	1,226,344	0	0	1,226,344
Unassigned/(Deficit)	12,282,733	0	(230,300)	12,052,433
Total Fund Balances	$13,509,077	$2,213,019	$3,555,768	$19,277,864

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NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

A. Deposits

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

At year end the carrying amount of the District's deposits was $17,272,611 and the bank balance was $17,747,491. The Federal Deposit Insurance Corporation (FDIC) covered $5,938,063 of the bank balance, a Letter of Credit covered $2,500,000 and $9,309,428 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	$9,309,428
Total Balance	$9,309,428

B. Investments

The District's investments at December 31, 2011 were as follows:

			Investment Maturities (in Years)	
	Fair Value	Credit Rating	1-3 years	3-5 years
FNMA	$1,507,965	Aaa [1], AA+ [2]	$1,507,965	$0
FHLMC	1,001,250	Aaa [1], AA+ [2]	499,905	501,345
Total Investments	$2,509,215		$2,007,870	$501,345

[1] Moody's Investor Service
[2] Standard & Poor's

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

B. Investments (Continued)

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

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

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 60.1% are FNMA and 39.9% are FHLMC.

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

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the County. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

NOTE 5- PROPERTY TAXES (Continued)

Tangible personal property tax (other than public utility property) attaches as a lien and were levied, on the true value as of January 1, 2011. Tangible personal property of telephone and telecommunication companies (except for public utilities) is currently assessed for ad valorem taxation purposes at 10 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business a railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

The full tax rate for the District's operations for the year ended December 31, 2011 was $1.70 per $1,000 of assessed value. The assessed value upon which the 2011 property tax receipts were based was $7,933,656,750. This amount constitutes $7,707,789,720 in real property assessed and $225,867,030 in public utility property.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, intergovernmental, and advance receivables. All receivables other than those offset by deferred revenues are considered collectable in full.

NOTE 7 - INTERFUND BALANCES

Following is a summary of advances to/from other funds at December 31, 2011:

Fund	Advances to Other Funds	Advances From Other Funds
General Fund	$458,048	$0
Other Governmental Funds	0	458,048
Totals	$458,048	$458,048

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

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfer In	Transfer Out
Governmental Activities:		
General Fund	$0	$1,275,000
Other Governmental Funds	1,275,000	0
Totals	$1,275,000	$1,275,000

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NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost: Class	December 31, 2010	Additions	Deletions	December 31, 2011
Capital assets not being depreciated:				
Land	$50,743,810	$4,473,044	($79,246)	$55,137,608
Antiques and Art	553,061	0	0	553,061
Capital assets being depreciated:				
Buildings	15,002,615	1,824,760	(76,500)	16,750,875
Land Improvements	8,164,049	353,922	0	8,517,971
Infrastructure	3,753,011	11,054	(34,000)	3,730,065
Machinery and Equipment	3,372,200	230,519	(125,096)	3,477,623
Total Cost	$81,588,746	$6,893,299	($314,842)	$88,167,203

Accumulated Depreciation: Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	($7,462,326)	($331,034)	$76,500	($7,716,860)
Land Improvements	(7,597,835)	(38,958)	0	(7,636,793)
Infrastructure	(958,547)	(80,752)	13,926	(1,025,373)
Machinery and Equipment	(1,757,917)	(237,433)	99,104	(1,896,246)
Total Depreciation	($17,776,625)	($688,177)	$189,530	($18,275,272)
Net Value:	$63,812,121			$69,891,931

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NOTE 10 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The District's required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were $606,703, $519,979 and $471,058, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2011 were $21,328 made by the District and $15,234 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were $242,681, $296,437 and $340,611, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 12 – NOTE PAYABLE

Note payable activity of the District for the year ended June 30, 2011 was as follows:

	Balance at December 31, 2010	Additions	Deductions	Balance at December 31, 2011
Westside Corridor Project				
Fund Note Payable: 0% Promissory Note	$0	$5,622,534	($5,622,534)	$0

The Promissory note was issued to provide funding for a joint acquisition involving multiple entities to purchase portions of the former Toledo Terminal Railroad corridor in Wood and Lucas Counties. This was a federally funded project. The Promissory note was paid upon receipt of the federal funds awarded for the project.

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended December 31, 2011 are as follows:

	Balance at December 31, 2010	Additions	Deductions	Balance at December 31, 2011	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	$898,162	$944,022	($898,162)	$944,022	$538,404

NOTE 14 -RISK MANAGEMENT

A. General Insurance

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

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

Casualty & Property Coverage	2011	2010
Assets	$33,362,404	$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets - Unrestricted	$19,175,131	$20,631,198
Number of Members	455	454
Unpaid Claims to be billed in the future	Approx. $12.1 million	Approx. $12.4 million

NOTE 14 -RISK MANAGEMENT (Continued)

A. General Insurance (Continued)

The Casualty Coverage assets and retained earnings above include approximately $12.1 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011. PEP will collect these amounts in future annual premium billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately $186,384.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2011 the Pool retained $350,000 for casualty claims and $150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

B. Health Insurance

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

C. Workers Compensation

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

NOTE 15 -CONTINGENT LIABILITIES

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2011.

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METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA

LUCAS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE			
Direct Assistance			
The American Recovery and Reinvstment Act of 2009			
Wildland Fire Management	**N/A**	10.688	$ 734,892
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Assistance			
Economic Development Initiative--Special Project	**N/A**	14.251	1,080,500
U.S. DEPARTMENT OF TRANSPORTATION			
FEDERAL HIGHWAY ADMINISTRATION			
Passed Through Ohio Department of Transportation			
Highway Planning and Construction	80544	20.205	5,622,534
Passed Through Ohio Department of Transportation and			
Toledo Metropolitan Area Council of Governments			
Highway Planning and Construction	82572	20.205	24,774
Total U.S. Department of Transportation			5,647,308
U.S. Environmental Protection Agency			
Passed Through The Nature Conservancy			
Great Lakes	OHFO-GLRI-METRO-10/10-01	66.469	95,803
TOTAL			**$ 7,558,503**

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

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

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

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

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2012, wherein we noted the District implemented Governmental Accounting Standards Board Statement Number 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-002 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-001 described in the accompanying schedule of findings to be a significant deficiency.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 19, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, the Board of Park Commissioners, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

December 19, 2012

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

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

To the Board of Park Commissioners:

Compliance

We have audited the compliance of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

As described in finding 2011-003 in the accompanying schedule of findings, the District did not comply with requirements regarding reporting applicable to its Wildland Fire Management Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-004.

Internal Control over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-003 to be a material weakness.

We also noted a matter involving internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 19, 2012.

The District's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, Board of Park Commissioners, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

December 19, 2012

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**Yes**
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	**Yes**
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	**No**
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	**Yes**
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Qualified**
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	**Yes**
(d)(1)(vii)	**Major Programs (list):**	**CFDA # 10.688 Wildland Fire Management, # 14.251 Economic Development Initiative--Special Project – Neighborhood Initiative and Miscellaneous Grant, # 20.205 Transportation Enhancement Grant**
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	**Type A: > $ 300,000** **Type B: all others**
(d)(1)(ix)	**Low Risk Auditee?**	**No**

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

FINDING NUMBER 2011-001

Budgetary Financial Statements

Significant Deficiency

Budgeted receipts should represent current year estimated receipts from the Amended Certificate of Estimated Resources. Appropriations should represent prior year carryover appropriations plus Board approved current year appropriations and any Board approved amendments.

The budgetary amounts reflected in the accounting system and the budgetary comparison statements should agree with the approved budgetary amounts. The accounting system should facilitate monthly comparisons of:

- Current year budgeted receipts with current year actual receipts;
- Unencumbered fund balances plus current year budgeted receipts with total appropriations including prior year carry over appropriations;
- Total appropriations including carryover appropriations with year to date actual expenditures plus current year outstanding encumbrances.

We have identified the following exceptions when testing the budgetary comparison statements:

The District has established a Reserve for Property Replacement for $995,320 and has included this amount as outstanding encumbrances. This has affected the General Fund Parks and Recreation expenditure account for beginning and final appropriations, and actual budgetary expenditures. This has also affected the General Fund beginning and ending fund balances, and Prior Year Encumbrances reported on the budgetary comparison statements.

The District has understated the Land Acquisition Fund Parks and Recreation Final appropriations by $949,000 also affecting the final budgeted ending fund balance. The final amendment to appropriations was not included in the budgetary comparison statements.

We recommend the District's management perform a timely review for accuracy and completeness of its budgetary comparison statements to assure the proper classification for the Reserve for Property Replacement, and assure that all amendments to estimated receipts and appropriations are included in the budgetary comparison statements.

Officials' Response:

Classification of the Reserve for Property Replacement, with an emphasis on consistency, has been and continues to be reviewed by District management. The District's management identified the conditions that existed for posting of final 2011 appropriations amendments, and those conditions are being addressed.

FINDING NUMBER 2011-002

New Accounting Software

Material Weakness

The District implemented new accounting software in fiscal year 2011. However it does not appear management adequately considered the time and effort required to successfully implement the new software. Management does not appear to fully understand how to accurately generate basic reports and have not fully addressed with the software company all of the issues that have arisen due to the District's transaction processing and reporting needs

Lack of time and staffing was cited as the reason for this delay. This may have contributed to the delays in preparing complete bank reconciliations.

There were various errors and issues identified with information and system generated reports provided to audit staff that included the following:

- The District could not originally provide a valid expenditure ledger;
- Upon receiving an expenditure ledger that agreed to the Trial Balances, we identified summarized entries that included several transactions recorded as one;
- The check register data did not always agree to data posted to expense ledger;
- The original payroll register reports provided, incorrectly included 2012 pay rates;
- Reports reflecting year end negative encumbrances;
- Daily cash register tapes were missing for certain days for Retail Operations;

These issues resulted in the management going back to the software provider for assistance to understand how to generate revised reports, identify the content of summarized entries, and identify the audit trail for several transactions. This condition could lead to potential misstatements to accounts within the financial statements, or possible misstatement of the financial statements as a whole. This also resulted in delays in the audit process.

Implementing new accounting software is a significant event that should require risk analysis before, during, and after the implementation. Management and those charged with governance should have risk assessment processes to identify internal and external events and circumstances that may occur, and respond appropriately to them. Some considerations in implementing new software could be:

- Running dual systems for a time period;
- Evaluating the human resources available for implementation;
- Advance determination for the provision of ledgers and reports to meet the needs of the District, and follow up to assure the new accounting software does facilitate the District's needs.
- Assuring adequate software support to provide assurance of complete and accurate processing of transactions, and reporting.

An effective risk assessment process can significantly reduce the risk of misstated financial statements.

FINDING NUMBER 2011-002
(Continued)

Officials' Response:

The time and effort required for successful implementation of the new software was underestimated. However, it is absolutely normal the first several months using a new system can be challenging and involve lots of coming up to speed on the new product. This is even more so when the system itself is new. Every new product experiences issues, corrections, enhancements and even some regression failures. This is true because programming language changes (particularly with reports), database structure redesign and most commonly index issues. Many of these issues have been resolved and District management is fully aware of how to generate basic reports.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2011-003

Wildland Fire Management Reporting

Finding Number	2011-003
CFDA Title and Number	10.668
Federal Award Number / Year	10-DG-11244419-031/2011
Federal Agency	UNITED STATES DEPARTMENT OF AGRICULTURE, FOREST SERVICE NORTHERN RESEARCH STATION
Pass-Through Agency	NA

Noncompliance and Material Weakness

FEDERAL FINANCIAL ASSISTANCE AWARD OF RECOVERY ACT DOMESTIC GRANT NO. 10-DG-11244419-031 Between The METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA And The UNITED STATES DEPARTMENT OF AGRICULTURE, FOREST SERVICE NORTHERN RESEARCH STATION) includes the following requirements for reporting:

- Section L requires that Requests for payment shall be submitted on Standard Form 270 (SF-270), Request for Advance or Reimbursement, and shall be submitted no more than monthly.

- Section K REPORT OF FEDERAL CASH TRANSACTIONS, Using SF-425, Federal Financial Report, requires the recipient shall submit a report of federal cash transaction within 15 calendar days following the end of each quarter, unless otherwise agreed upon in writing, and

- Section N PROGRAM PERFORMANCE REPORTS requires that the recipient shall monitor the performance of the grant activities to ensure that performance goals are being achieved. Performance reports shall be submitted quarterly and in accordance with the attached award provision entitled, —Reporting and Registration Requirements Under Section 1512 of the Recovery Act. The recipient shall register and report the information described in section 1512(c) using the reporting instructions and data elements that are provided online at www.FederalReporting.gov and ensure that any information that is pre-filled is corrected or updated as needed.

FINDING NUMBER 2011-003
(Continued)

We have identified the following exceptions:

- Twelve of the fourteen SF - 270 Requests for Advance or Reimbursement reports were filed greater than one month and up to four months after the period covered, and up to four reports have been filed on the same date;

- Two of the four quarterly Federal Financial Report SF - 425 reports were filed greater than three months and up to six months after the quarter period end.

- Expenditure and receipt data reported on the June 30, 2011 quarterly Federal Financial Report (SF - 425) reflects expenditure and receipt data only through April 30, 2011 resulting in reporting less than actual expenditures by $88,114 and reporting the Federal Payments previously requested by $60,270 less.

- Expenditure and receipt data reported on the September 30, 2011 quarterly Federal Financial Report (SF -425) reflects expenditure data through July 31, 2011 and receipt data through May 31, 2011 resulting in reporting less than actual expenditures by $68,656 and reporting the Federal Payments previously requested by $249,198 less.

- Expenditure data reported on the quarterly ARRA Performance Reports was less than actual expenditures for March 31, June 30, and September 30, 2011 in the amounts of $94,268, $119,041, and $288,834 respectively.

These conditions provide for possible inefficient use of funds, where the District would have been reimbursed sooner for expenditures made, and incorrect reporting to the grantor.

To correct this condition, we recommend the District complete and submit the SF 270 Request for Advance or Reimbursement monthly, complete and submit the quarterly SF 425 Federal Financial Report within 15 days of period end, and the quarterly ARRA Performance Report within 10 days of period end. All reports should reflect accurate and complete data for the period of the report. Review of the reports for accuracy and completeness should be done by management personnel whom did not complete the report.

Officials' Response:

Submission of SF425s was specifically identified in September 2011. Once identified all outstanding and required SF425s were submitted and accepted by the grantor agency. The grantor agency was fully aware of the District's limited administrative human resources via monthly teleconferences/updates regarding SF270 reports as well as performance reports. All Grantor-required reporting documents have been submitted, accepted and reimbursements made by the grantor agency.

FINDING NUMBER 2011-004

Timely Filing of A-133 Report

Noncompliance Citation

OMB Circular A-133 §.200, Audits of States, Local Governments and Non-Profit Organizations requires Non-Federal entities that expend $500,000 or more in a year in Federal awards to have a single audit or program-specific audit conducted for that year in accordance with the provisions of **OMB Circular A-133**.

FINDING NUMBER 2011-004
(Continued)

OMB Circular A-133 §.320(a) requires the audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant Metropolitan Park District of the Toledo Area Lucas County Schedule of Findings or oversight agency for the audit.

The District expended greater than $500,000 in Federal awards during fiscal year 2011 and did not have a single audit or a program-specific audit conducted to meet the nine month deadline. The District did not receive an extension to this filing requirement.

Officials' Response:

Every effort was made by the District to have a completed audit in accordance with the above requirement.

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2011

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-003	The District is aware of the reporting requirements and changed limitations in its control structure.	1/1/2013	Director of Finance/Treasurer
2011-004	The District is aware of the reporting requirement and plans to take steps aimed at preventing future non-compliance.	5/31/2013	Director of Finance/Treasurer

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Dave Yost • Auditor of State

METROPOLITAN PARK DISTRICT OF 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
JANUARY 17, 2013

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