



**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Medina County Park District
Medina County
6364 Deerview Lane
Medina, Ohio 44256

To the Board of Commissioners:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Medina County Park District
Medina County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2002

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
General Property Tax - Real Estate	\$1,096,447		\$1,096,447
Tangible Personal Property Tax	141,251		141,251
Intergovernmental Receipts	752,978		752,978
Investment Income	125,547	\$78,470	204,017
Gifts and Donations	6,333	40,518	46,851
Fees	10,037		10,037
Sales	13,806		13,806
Other Receipts	28,903	3,624	32,527
Total Cash Receipts	2,175,302	122,612	2,297,914
Cash Disbursements:			
Current			
Salaries	571,834		571,834
Supplies	10,957	2,432	13,389
Materials	37,841	61,189	99,030
Equipment	27,532	87,138	114,670
Equipment - Rental	2,106	2,331	4,437
Contracts - Repair	1,747		1,747
Contracts - Services	130,421	424,568	554,989
Rentals	130		130
Advertising and Printing	10,070	509	10,579
Travel	15,021		15,021
Public Employees Retirement	79,526		79,526
Workers' Compensation	2,856		2,856
Medicare	7,252		7,252
Hospitalization	68,196		68,196
Land	134,478	84,693	219,171
Debt			
Payment of Principal	799,972	59,064	859,036
Payment of Interest	157,605	20,165	177,770
Other	50,253	1,775	52,028
Total Cash Disbursements	2,107,797	743,864	2,851,661
Total Receipts Over/(Under) Disbursements	67,505	(621,252)	(553,747)
Other Financing Receipts/(Disbursements):			
Transfers-In		330,000	330,000
Transfers-Out	(330,000)		(330,000)
Refunds	487		487
Reimbursements	1,203	3,250	4,453
Total Other Financing Receipts/(Disbursements)	(328,310)	333,250	4,940
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(260,805)	(288,002)	(548,807)
Fund Cash Balances, January 1	2,586,191	1,432,372	4,018,563
Fund Cash Balances, December 31	\$2,325,386	\$1,144,370	\$3,469,756
Reserves for Encumbrances, December 31	\$25,011	\$131,188	\$156,199

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

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$1,069,045		\$1,069,045
Tangible Personal Property Tax	139,782		139,782
Intergovernmental Receipts	741,310		741,310
Grants	630		630
Investment Income	172,637	\$89,866	262,503
Gifts and Donations	5,495	28,322	33,817
Fees	9,102	128,375	137,477
Sales	8,189		8,189
Other Receipts	574	7,266	7,840
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,146,764	253,829	2,400,593
Cash Disbursements:			
Current			
Salaries	450,711		450,711
Supplies	9,001	1,360	10,361
Materials	35,001	40,537	75,538
Equipment	32,727	90,093	122,820
Equipment - Rental	1,235	2,621	3,856
Contracts - Repair	3,003		3,003
Contracts - Services	52,777	723,924	776,701
Rentals	145		145
Advertising and Printing	6,244		6,244
Travel	15,186		15,186
Public Employees Retirement	49,776		49,776
Workers' Compensation	4,414		4,414
Medicare	5,585		5,585
Hospitalization	55,299		55,299
Land	734,227		734,227
Debt			
Payment of Principal	482,700	43,095	525,795
Payment of Interest	264,986	36,135	301,121
Other	46,550		46,550
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,249,567	937,765	3,187,332
Total Receipts Over/(Under) Disbursements	(102,803)	(683,936)	(786,739)
Other Financing Receipts/(Disbursements):			
Transfers-In		490,000	490,000
Transfers-Out	(490,000)		(490,000)
Refunds	132	20	152
Reimbursements	61		61
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(489,807)	490,020	213
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(592,610)	(193,916)	(786,526)
Fund Cash Balances, January 1	3,178,801	1,626,288	4,805,089
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$2,586,191	\$1,432,372	\$4,018,563
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$13,928	\$16,140	\$30,068
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The notes to the financial statements are an integral part of this statement.

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County Park District, Medina County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Medina County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District has the following significant Capital Projects Funds:

Major Park Development Fund - This fund is used to account for park construction and capital improvements made by the District.

Outdoor Education Fund - This fund is used to account for outdoor educational programs that are ongoing at the District.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The District did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

2. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,861,100	\$2,176,992	(\$684,108)
Capital Projects	881,350	455,862	(425,488)
Total	\$3,742,450	\$2,632,854	(\$1,109,596)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,127,569	\$2,462,808	\$2,664,761
Capital Projects	1,828,294	875,052	953,242
Total	\$6,955,863	\$3,337,860	\$3,618,003

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,670,550	\$2,146,957	(\$523,593)
Capital Projects	773,150	743,849	(29,301)
Total	\$3,443,700	\$2,890,806	(\$552,894)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,480,398	\$2,753,495	\$2,726,903
Capital Projects	2,166,594	953,905	1,212,689
Total	\$7,646,992	\$3,707,400	\$3,939,592

Contrary to Ohio Rev. Code Section 5705.41(D) the District did not certify the availability of funds for all expenditures prior to the commitments being made, during the years ended December 31, 2001 and 2000.

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

3. PROPERTY TAX

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

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

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

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

4. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Park District Improvement Bonds, 1999	\$2,979,508	4.4%
Lovas Promissory Note	400,000	5% - 7%
Reynolds Promissory Note	366,833	4%
Total	\$3,746,341	

The District issued \$4,300,000 in park improvement bonds during 1999 for the purpose of acquiring and improving lands for use by the District. The bonds are being repaid from the proceeds of a tax levy which was approved by the voters of the County in November of 1998.

The District signed a promissory note with Mr. Louis Lovas on December 27, 2001, for the purpose of acquiring land for use by the District. This note will be paid by the North Coast Regional Council of Park Districts on behalf of the District, in five annual installments of \$80,000, plus accrued interest, beginning December 28, 2002. See Note 8.

The District signed another promissory note with Reynolds Enterprises Limited Partnership on October 3, 2000, for \$733,666 for the purpose of paying the balance of a \$1,100,500 land purchase made by the District. During 2001, \$366,833 and \$9,728 were paid for principal and interest, respectively. The remaining balance, including accrued interest, will be paid during 2002.

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

4. DEBT (Continued)

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

<u>Year Ending December 31:</u>	<u>Park Improvement Bonds</u>	<u>Louis Lovas Promissory Notes</u>	<u>Reynolds Enterprises Limited Partnership</u>
2002	\$660,246	\$100,000	\$381,506
2003	660,246	99,200	0
2004	660,246	94,400	0
2005	660,246	89,600	0
2006	660,246	84,800	0
Subsequent	660,246	0	0
Total	<u>\$3,961,476</u>	<u>\$468,000</u>	<u>\$381,506</u>

5. RETIREMENT SYSTEM

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

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

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability

The District also provided health insurance and dental coverage to full-time employees through a private carrier.

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

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

7. JOINTLY GOVERNED ORGANIZATION

The District is a member of the North Coast Regional Council of Park Districts (the Council). The Council is a jointly governed organization comprised of four of metropolitan park districts, and was formed for the purpose of promoting wetland and stream restoration projects. Each member provided the Council with an initial administrative fee and will pay continual fees to the Council equal to 1% of the wetland mitigation fees they collect.

The Council is under the direction of a Board comprised of two representatives from each member metropolitan park district. The Treasurer of the Lorain County Metropolitan Park District is the fiscal agent for the Council. The degree of control exercised by members is limited to their representation on the Board. Financial information can be obtained by contacting the Treasurer of the Lorain County Metropolitan Park District at 12882 Diagonal Road, Grange, Ohio 44050.

8. CLEVELAND HOPKINS MITIGATION

The City of Cleveland was required to set aside money for the restoration of wetlands and streams as a result of a penalty assessed against the City related to Cleveland Hopkins Airport. A portion of this money was assigned to the District to be used for the Hidden Hollow Stream Restoration Project. The amount allocated to this project was approximately \$5,200,000, and was deposited with the North Coast Regional Council of Park Districts. All costs for this project are to be paid by the North Coast Regional Council of Park Districts on behalf of the District. Once the project is completed, any remaining moneys will be submitted to the District.



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

Medina County Park District
Medina County
6364 Deerview Lane
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the financial statements of Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 22, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-60952-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted an immaterial matter involving internal control that does not require inclusion in this report, that we have reported to management of the Park District in a separate letter dated March 22, 2002.

Medina County Park District
Medina County
Report of Independent Accounts on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 22, 2002

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-60952-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Park Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid

2. If the amount involved is less than \$1,000, the Commissioners may authorize payment through a Then and Now Certificate without affirmation of the Park Commissioners, if such expenditure is otherwise valid

During 2001 and 2000, 66% of expenditures tested were not certified by the County Auditor, who is the fiscal officer for the District, prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The District should inform all District employees of the requirements of Ohio Rev. Code Section 5705.41(D). The District should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.



STATE OF OHIO
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MEDINA COUNTY PARK DISTRICT

MEDINA 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
MAY 9, 2002**