



**Auditor of State
Betty Montgomery**

**MEDINA COUNTY PARK DISTRICT
MEDINA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis December 31, 2005.....	13
Statement of Net Assets – Modified Cash Basis December 31, 2004.....	14
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2005.....	16
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2004.....	18
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2005.....	20
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2004.....	21
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified –Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2005.....	22
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified –Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2004.....	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2005.....	24
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2004.....	25
Notes to the Financial Statements.....	27
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	39

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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 governmental activities, each major fund, and the aggregate remaining fund information of the Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004, 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.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Medina County Park District, Medina County, Ohio, as of December 31, 2005 and 2004, and the respective changes in modified cash financial position and the budgetary comparisons for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Also, as further discussed in Note 3 to the basic financial statements, the District restated its General Fund and Other Governmental Funds fund balances for reclassifying its Park Equipment Fund from Capital Projects to be included in the General Fund.

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In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2006, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 17, 2006

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of the Medina County Park District's (the Park District) financial performance provides an overall review of the Park District's financial activities for the years ended December 31, 2005, and December 31, 2004 within the limitations of the Park District's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Park District's financial performance. (Note: It should be noted that this is the first year implementing GASB-34 so only limited comparisons are available for fiscal year 2003.)

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$138,108, or 5.9 percent, a slight change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which was lower due to increased costs for employee benefits and salaries and an increase in capital outlay.

The Park District's general receipts are primarily property taxes and a capital grant for land purchase. These receipts represent respectively 36.5 and 39.7 percent of the total cash received from governmental activities during the year. Property tax receipts for 2005 increased by just 1.0 percent compared to 2004 as development within the Medina County began to slow.

The Park District continued to make transfers to capital accounts from its General Fund. Transfers in 2005 amounted to \$230,000 directed to four different capital improvement accounts which are utilized for projects such as land acquisition and park improvements.

The Park District continued to make payments on bonds issued in 1999 for land acquisition and park development. The Park District constructed and opened a new park site in 2005, Princess Ledges Nature Preserve in Brunswick Hills Township. Construction of new office space for the Ranger Department, which began in 2004, was completed. The receipt of a grant from the Clean Ohio Fund made it possible for the Park District to acquire over 380 acres of land in Harrisville and Westfield Townships. At total of 485.15 acres of land was added to the Park District in 2005. The Park District was the beneficiary of a pledge to donate a total of 112 acres of land in Granger Township over the next twenty years.

The Park District celebrated its fortieth anniversary in 2005 with special events throughout the year including a summer celebration at Buckeye Woods Park, a special anniversary report to the citizens of the Park District and a series of special programs throughout the year.

Key highlights for 2004 are as follows:

Net assets of governmental activities were \$2,352,097.

The Park District's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 59.2 and 31.9 percent of the total cash received for governmental activities during the year. Property tax receipts for 2004 increased by 4.55 percent compared to 2003 as residential development within the Medina County has continued to be strong.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Park District continued to make transfers to capital accounts from its General Fund. Transfers in 2004 amounted to \$200,000 directed to four different capital improvement accounts which are utilized for projects such as land acquisition and park improvements.

The Park District continued to make payments on bonds issued in 1999 for land acquisition and park development. Work continued on the renovation of the Park District headquarters to provide additional office space for administrative personnel and law enforcement personnel. The completion of two bridge projects at Lake Medina and Hidden Hollow Camp provided better access to these sites for park visitors.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Park District's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Park District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Park District as a way to segregate money that its use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Park District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally-accepted accounting principles. Under the Park District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Reporting the Park District as a Whole

The Medina County Park District is organized under Section 1545 of the Ohio Revised Code. Established by order of the Probate Court in 1965, its area includes all of Medina County with the exception of Hinckley Township which is part of the Cleveland Metroparks District.

The statement of net assets and the statement of activities reflect how the Park District did financially during 2005 and 2004, within the limitations of modified cash-basis accounting. The statement of net assets presents the cash balances and investments of the governmental-type activities of the Park District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Park District's general receipts.

These statements report the Park District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Park District's financial health. Over time, increases or decreases in the Park District's cash position is one indicator of whether the Park District's financial health is improving or deteriorating. When evaluating the Park District's financial condition, you should also consider other nonfinancial factors as well such as the Park District's property tax base, the condition of the Park District's capital assets and infrastructure, the extent of the Park District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Park District has one type of activity:

Governmental activities. All of the Park District's basic services are reported here, including operations, construction and land acquisition. 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.

Reporting the Park District's Most Significant Funds

Fund financial statements provide detailed information about the Park District's major funds – not the Park District as a whole. The Park District establishes separate funds to better manage its many activities and to help demonstrate that money is being spent for the intended purposes.

Governmental Funds – All of the Park District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Park District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Park District's programs. The Park District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds with activity or balances that are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Park District's major governmental funds are the General, Major Park Development, Outdoor Education and Grants Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Park District as a Whole

Table 1 provides a summary of the Park District's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

Asset	Governmental Activities	
	2005	2004
Equity in Pooled Cash and Cash Equivalents	\$2,213,989	\$2,352,097
Net Assets		
Restricted for:		
Capital Projects	735,806	751,769
Unrestricted	1,478,183	1,600,328
Total Net Assets	\$2,213,989	\$2,352,097

As mentioned previously, net assets of governmental activities decreased \$138,108 or 5.9 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Unanticipated slow growth in local tax receipts. In 2004, property tax receipts increased by 4.55 percent and 1.0 percent in 2005 due to a slowing in the residential development market.
- Salary and fringe benefit costs increased by 11.3 percent. Cost increases included salary adjustments and an increase in the number of employee hours of approximately 8 percent. In addition, the cost of health care benefits rose by 40 percent due to increased costs and additional employees enrolled in the health care program.
- In 2005, the Park District also increased its capital outlay by purchasing land which decreased its net assets.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Park District did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Cash Receipts:		
Charges for Services and Sales	\$19,941	\$22,439
Operating Grants and Contributions	7,619	6,837
Capital Grants and Contributions	1,507,993	117,901
Total Program Cash Receipts	<u>1,535,553</u>	<u>147,177</u>
General Receipts:		
Property Taxes Levied for General Park Purposes	1,384,037	1,370,348
Grants and Entitlements Not Restricted	745,996	737,779
Investment Income	64,431	39,134
Sale of Capital Assets	1,800	
Miscellaneous	62,777	21,420
Total General Receipts	<u>2,259,041</u>	<u>2,168,681</u>
Total Cash Receipts	<u>3,794,594</u>	<u>2,315,858</u>
Cash Disbursements:		
Salaries - Employees	784,318	723,365
Workers' Compensation	3,922	3,617
Public Employees Retirement	107,825	100,323
Medicare	10,613	9,819
Hospitalization	116,726	82,616
Supplies	17,023	14,754
Materials	106,837	138,542
Equipment	91,541	66,261
Equipment - Rental	7,011	4,640
Contracts - Repair	852	1,402
Contracts - Services	305,850	348,080
Advertising and Printing	25,282	25,747
Travel	29,293	20,031
Rent	130	196
Capital Outlay	1,514,632	12,595
Debt Service:		
Payment of Principal	665,802	640,853
Payment of Interest	82,443	108,992
Other	62,602	62,394
Total Cash Disbursements	<u>3,932,702</u>	<u>2,364,227</u>
Change in Net Assets	(138,108)	(48,369)
Net Assets, January 1	<u>\$2,352,097</u>	<u>\$2,400,466</u>
Net Assets, December 31	<u><u>\$2,213,989</u></u>	<u><u>\$2,352,097</u></u>

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Program cash receipts represented 40.6 percent of total receipts in 2005 and included receipts such as picnic-shelter rentals, instructional program fees and grants for land acquisition. Program cash receipts represented 6.4 percent of total receipts in 2004 and included receipts such as picnic-shelter rentals, instructional program fees and grants for flood repairs.

In 2005, general receipts represented 59.5 percent of the Park District's total receipts, and, of this amount, 61.3 percent were local taxes. State and federal grants and entitlements made up the balance of the Park District's general receipts (33 percent) in 2005. In 2004, general receipts represented 93.6 percent of the park district's total receipts, and, of this amount, 63.2 percent were local taxes. State and federal grants and entitlements made up the balance of the Park District's general receipts (34 percent) in 2004. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Government Activities represent the overhead costs of running the Park District and the support services provided for the other Park District activities. These include the costs of personnel, materials, and supplies for the operation of the Park District.

Governmental Activities

If you look at the Statement of Activities on pages 16-19, you will see that the first column lists the major services provided by the Park District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for personnel to maintain the parks and provide public programs, which accounts for 19.9 percent of all governmental disbursements in 2005 and 30.6 percent in 2004. Capital outlay also represents a major portion of expenses for the park district in 2005 at 38.5 percent of all government disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

(Table 3)

Governmental Activities

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2005	2005	2004	2004
Salaries - Employees	\$784,318	\$773,051	\$723,365	\$705,691
Worker's Compensation	3,922	3,866	3,617	3,528
Public Employees Retirement	107,825	106,276	100,323	97,872
Medicare	10,613	10,460	9,819	9,579
Hospitalization	116,726	115,049	82,616	80,597
Supplies	17,023	16,700	14,754	14,265
Materials	106,837	105,592	138,542	132,301
Equipment	91,541	90,043	66,261	64,419
Equipment - Rental	7,011	6,966	4,640	4,545
Contracts - Repair	852	840	1,402	1,369
Contracts - Services	305,850	303,080	348,080	338,829
Advertising and Printing	25,282	24,877	25,747	25,118
Travel	29,293	28,872	20,031	19,542
Rent	130	127	196	190
Capital Outlay	1,514,632	97,752	12,595	12,288
Debt Service:				
Principal Retirement	665,802	578,395	640,853	548,792
Payment of Interest	82,443	73,501	108,992	97,255
Other	62,602	61,702	62,394	60,870
Total Expenses	\$3,932,702	\$2,397,149	\$2,364,227	\$2,217,050

The dependence upon property-tax receipts is apparent as 35.2 percent of governmental activities in 2005 were supported through these general receipts and 58.0 percent in 2004.

The Park District's Funds

In 2005, total park district funds had receipts of \$3,773,837 and disbursements of \$3,932,702. The greatest change within governmental funds occurred within the capital outlay funds as a result of the purchase of several parcels of real estate. The receipt of grants in the amount of \$1,503,456 assisted with the purchase of real estate in 2005.

Receipts in the General Fund exceeded disbursements by \$102,737. The fund balance of the General Fund decreased by \$122,145 as a result of extra cost associated with employee benefits and additional capital transfers anticipated by the board of commissioners in the 2005 budget. Revenue growth in property-tax receipts slowed in 2005 resulting from a slow-down in the residential building market.

In 2004, total park district funds had receipts of \$2,311,713 and disbursements of \$2,364,227. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$56,985 as a result of increased property-tax receipts and lower than anticipated costs of operation.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

General Fund receipts exceeded disbursements by \$252,840 indicating that the General Fund is not in a deficit spending situation. Positive cash balances in the General Fund permitted the board of commissioners to consider additional transfers to capital accounts in the 2005 budget.

General Fund Budgeting Highlights

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

In 2005, receipts were budgeted at \$3,939,571, and final receipts were \$2,241,857. The variance occurred as a result of grants which were not received as budgeted. Final disbursements were budgeted at \$3,899,059 while actual disbursements were \$2,180,464. This variance occurred as a result of two projects which were to be funded with grants from other sources which were not completed. Although receipts failed to live up to expectations, appropriations were not reduced since the anticipated disbursements were not made as well. The Park District kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is a decrease in the unencumbered fund balance of \$163,489 for 2005 which was anticipated in the budget process.

In 2004, receipts were budgeted at \$3,563,448, and final receipts were \$2,198,517. The variance occurred as a result of two grants which were not received as budgeted. Final disbursements were budgeted at \$3,937,673 while actual disbursements were \$2,017,861. This variance occurred as a result of two projects which were to be funded with grants from other sources which were not completed. Although receipts failed to live up to expectations, appropriations were not reduced since the anticipated disbursements were not made as well. The Park District kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is a decrease in the unencumbered fund balance of \$15,199 for 2004.

Debt Administration

Debt

At December 31, 2005, the Park District's outstanding debt included \$1,250,941 in general obligation bonds issued for land acquisition and park improvements and \$80,000 on a mortgage note for land acquisition.

At December 31, 2004, the Park District's outstanding debt included \$1,836,743 in general obligation bonds issued for land acquisition and park improvements and \$160,000 on a mortgage note for land acquisition.

For further information regarding the Park District's debt, refer to note 9 of the basic financial statements.

Medina County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Current Issues

The challenge for the Park District is to provide quality services to the public while staying within the restrictions imposed by limited funding. The Park District relies heavily on its property tax as its main source of revenue. Local Government Funds have remained frozen for the past four years with periodic threats for further reduction or elimination of this source of revenue. Since it represents a significant portion of the park district's funding, loss of this revenue source will result in cuts to services or a need to request a larger tax levy. The current operating levy for the park district expires at the end of 2007. The board of park commissioners has directed the staff to begin the planning process to determine what course of action to take in 2006 or 2007 or replace, renew or add to the operating levy.

Contacting the Park District's Financial Management

This financial report is designed to provide our citizens and creditors with a general overview of the Park District's finances and to reflect the Park 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 Thomas K. James, Director, Medina County Park District, 6364 Deerview Lane, Medina, Ohio, 44256.

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Medina County Park District
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Asset	
Equity in Pooled Cash and Cash Equivalents	\$2,213,989
Net Assets	
Restricted for:	
Capital Projects	\$735,806
Unrestricted	<u>1,478,183</u>
<i>Total Net Assets</i>	<u><u>\$2,213,989</u></u>

See accompanying notes to the basic financial statements

Medina County Park District
Statement of Net Assets - Modified Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Asset	
Equity in Pooled Cash and Cash Equivalents	\$2,352,097
Net Assets	
Restricted for:	
Capital Projects	\$751,769
Unrestricted	<u>1,600,328</u>
<i>Total Net Assets</i>	<u><u>\$2,352,097</u></u>

See accompanying notes to the basic financial statements

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Medina County Park District
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Salaries - Employees	\$784,318	\$7,311	\$2,293	\$1,663
Workers' Compensation	3,922	37	11	8
Public Employees Retirement	107,825	1,005	315	229
Medicare	10,613	99	31	23
Hospitalization	116,726	1,088	341	248
Supplies	17,023	113	184	26
Materials	106,837	487	647	111
Equipment	91,541	744	585	169
Equipment - Rental	7,011	29	9	7
Contracts - Repair	852	8	2	2
Contracts - Services	305,850	1,609	795	366
Advertising and Printing	25,282	211	146	48
Travel	29,293	273	86	62
Rent	130	3		
Capital Outlay	1,514,632	924	290	1,415,666
Debt Service:				
Payment of Principal	665,802	4,805	1,509	81,093
Payment of Interest	82,443	611	192	8,139
Other	62,602	584	183	133
<i>Total Governmental Activities</i>	<u>\$3,932,702</u>	<u>\$19,941</u>	<u>\$7,619</u>	<u>\$1,507,993</u>

General Cash Receipts

Property Taxes Levied for
General Park District Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Income
Sale of Capital Assets
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Cash Disbursements)
Cash Receipts and Changes
in Net Assets

Governmental
Activities

(\$773,051)
(3,866)
(106,276)
(10,460)
(115,049)
(16,700)
(105,592)
(90,043)
(6,966)
(840)
(303,080)
(24,877)
(28,872)
(127)
(97,752)

(578,395)
(73,501)
(61,702)

(\$2,397,149)

1,384,037
745,996
64,431
1,800
62,777

2,259,041

(138,108)

2,352,097

\$2,213,989

Medina County Park District
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Salaries - Employees	\$723,365	\$5,350	\$1,802	\$10,522
Workers' Compensation	3,617	27	9	53
Public Employees Retirement	100,323	742	250	1,459
Medicare	9,819	73	24	143
Hospitalization	82,616	611	206	1,202
Supplies	14,754	85	238	166
Materials	138,542	5,274	336	631
Equipment	66,261	448	513	881
Equipment - Rental	4,640	21	33	41
Contracts - Repair	1,402	10	3	20
Contracts - Services	348,080	4,606	1,673	2,972
Advertising and Printing	25,747	190	64	375
Travel	20,031	148	50	291
Rent	196	3		3
Capital Outlay	12,595	93	31	183
Debt Service:				
Payment of Principal	640,853	3,650	1,232	87,179
Payment of Interest	108,992	647	218	10,872
Other	62,394	461	155	908
<i>Total Governmental Activities</i>	<u>\$2,364,227</u>	<u>\$22,439</u>	<u>\$6,837</u>	<u>\$117,901</u>

General Receipts

Property Taxes Levied for
 General Park District Purposes
 Grants and Entitlements not Restricted to Specific Programs
 Investment Income
 Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Cash Disbursements)
Cash Receipts and Changes
in Net Assets

Governmental
Activities

(\$705,691)
(3,528)
(97,872)
(9,579)
(80,597)
(14,265)
(132,301)
(64,419)
(4,545)
(1,369)
(338,829)
(25,118)
(19,542)
(190)
(12,288)

(548,792)
(97,255)
(60,870)

(\$2,217,050)

1,370,348
737,779
39,134
21,420

2,168,681

(48,369)

2,400,466

\$2,352,097

Medina County Park District
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Major Park Development</u>	<u>Outdoor Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Asset					
Equity in Pooled Cash and Cash Equivalents	\$1,478,183	\$247,213	\$315,111	\$173,482	\$2,213,989
Fund Balances					
Reserved:					
Reserved for Encumbrances	41,344	14,763	31,869	2,031	90,007
Unreserved:					
Undesignated, Reported in:					
General Fund	1,436,839				1,436,839
Capital Projects Funds		232,450	283,242	171,451	687,143
<i>Total Fund Balances</i>	<u>\$1,478,183</u>	<u>\$247,213</u>	<u>\$315,111</u>	<u>\$173,482</u>	<u>\$2,213,989</u>

See accompanying notes to the basic financial statements

Medina County Park District
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Major Park Development	Outdoor Education	Other Governmental Funds	Total Governmental Funds
Asset					
Equity in Pooled Cash and Cash Equivalents	\$1,600,328	\$262,910	\$323,407	\$165,452	\$2,352,097
Fund Balances					
Reserved:					
Reserved for Encumbrances	72,184	30,577	28,943	18,776	150,480
Unreserved:					
Undesignated, Reported in:					
General Fund	1,528,144				1,528,144
Capital Projects Funds		232,333	294,464	146,676	673,473
<i>Total Fund Balances</i>	<u>\$1,600,328</u>	<u>\$262,910</u>	<u>\$323,407</u>	<u>\$165,452</u>	<u>\$2,352,097</u>

See accompanying notes to the basic financial statements

Medina County Park District
*Statement of Cash Receipts, Cash Disbursements and
Changes in Modified-Cash Basis Fund Balances Governmental Funds
For the Year Ended December 31, 2005*

	General	Major Park Development	Outdoor Education	Grants	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property Taxes	\$1,384,037					\$1,384,037
Intergovernmental Revenue	750,532			\$1,503,456		2,253,988
Investment Income	45,098	\$6,102	\$8,638		\$4,593	64,431
Sales	9,193					9,193
Fees	10,746					10,746
Gifts and Donations	6,255		1,367			7,622
Other Receipts	35,996		1,774		6,050	43,820
<i>Total Cash Receipts</i>	<u>2,241,857</u>	<u>6,102</u>	<u>11,779</u>	<u>1,503,456</u>	<u>10,643</u>	<u>3,773,837</u>
Cash Disbursements						
Current:						
Salaries - Employees	784,318					784,318
Workers' Compensation	3,922					3,922
Public Employees Retirement	107,825					107,825
Medicare	10,613					10,613
Hospitalization	116,726					116,726
Supplies	12,125		4,898			17,023
Materials	52,296	20,653	16,300		17,588	106,837
Equipment	79,851		11,651		39	91,541
Equipment - Rental	3,124	3,887				7,011
Contracts - Repair	852					852
Contracts - Services	172,616	98,669	9,579		24,986	305,850
Advertising and Printing	22,635		2,647			25,282
Travel	29,293					29,293
Rent	130					130
Capital Outlay	99,176			1,415,456		1,514,632
Debt Service:						
Payment of Principal	515,507	70,296		80,000		665,803
Payment of Interest	65,509	8,933		8,000		82,442
Other	62,602					62,602
<i>Total Cash Disbursements</i>	<u>2,139,120</u>	<u>202,438</u>	<u>45,075</u>	<u>1,503,456</u>	<u>42,613</u>	<u>3,932,702</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>102,737</u>	<u>(196,336)</u>	<u>(33,296)</u>	<u>-</u>	<u>(31,970)</u>	<u>(158,865)</u>
Other Financing Sources (Uses)						
Transfers In		165,000	25,000		40,000	230,000
Transfers Out	(230,000)					(230,000)
Refunds	1,958	20				1,978
Reimbursements	1,360	15,619				16,979
Sale of Capital Assets	1,800					1,800
<i>Total Other Financing Sources (Uses)</i>	<u>(224,882)</u>	<u>180,639</u>	<u>25,000</u>	<u>-</u>	<u>40,000</u>	<u>20,757</u>
<i>Net Change in Fund Balances</i>	<u>(122,145)</u>	<u>(15,697)</u>	<u>(8,296)</u>	<u>-</u>	<u>8,030</u>	<u>(138,108)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,600,328</u>	<u>262,910</u>	<u>323,407</u>	<u>-</u>	<u>165,452</u>	<u>2,352,097</u>
<i>Fund Balances End of Year</i>	<u>\$1,478,183</u>	<u>\$247,213</u>	<u>\$315,111</u>	<u>-</u>	<u>\$173,482</u>	<u>\$2,213,989</u>

See accompanying notes to the basic financial statements

Medina County Park District
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Modified-Cash Basis Fund Balances Governmental Funds
 For the Year Ended December 31, 2004*

	General	Major Park Development	Outdoor Education	Grants	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property Taxes	\$1,370,348					\$1,370,348
Intergovernmental Revenue	766,080			\$89,600		855,680
Investment Income	26,201	\$5,086	\$5,204		\$2,643	39,134
Sales	2,739					2,739
Fees	11,652				8,048	19,700
Gifts and Donations	4,847		1,640		350	6,837
Other Receipts	16,650		615		10	17,275
<i>Total Cash Receipts</i>	<u>2,198,517</u>	<u>5,086</u>	<u>7,459</u>	<u>89,600</u>	<u>11,051</u>	<u>2,311,713</u>
Cash Disbursements						
Current:						
Salaries - Employees	723,365					723,365
Workers' Compensation	3,617					3,617
Public Employees Retirement	100,323					100,323
Medicare	9,819					9,819
Hospitalization	82,616					82,616
Supplies	11,444		3,300		10	14,754
Materials	43,375	73,378	3,025		18,764	138,542
Equipment	60,568		5,693			66,261
Equipment - Rental	2,819	567	270		984	4,640
Contracts - Repair	1,402					1,402
Contracts - Services	204,350	93,291	13,510		36,929	348,080
Advertising and Printing	25,747					25,747
Travel	20,031					20,031
Rent	196					196
Capital Outlay	12,595					12,595
Debt Service:						
Payment of Principal	493,552	67,302		80,000		640,854
Payment of Interest	87,464	11,927		9,600		108,991
Other	62,394					62,394
<i>Total Cash Disbursements</i>	<u>1,945,677</u>	<u>246,465</u>	<u>25,798</u>	<u>89,600</u>	<u>56,687</u>	<u>2,364,227</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>252,840</u>	<u>(241,379)</u>	<u>(18,339)</u>	<u>-</u>	<u>(45,636)</u>	<u>(52,514)</u>
Other Financing Sources (Uses)						
Transfers In		125,000	25,000		50,000	200,000
Transfers Out	(200,000)					(200,000)
Refunds	681					681
Reimbursements	3,464					3,464
<i>Total Other Financing Sources (Uses)</i>	<u>(195,855)</u>	<u>125,000</u>	<u>25,000</u>	<u>-</u>	<u>50,000</u>	<u>4,145</u>
<i>Net Change in Fund Balances</i>	<u>56,985</u>	<u>(116,379)</u>	<u>6,661</u>	<u>-</u>	<u>4,364</u>	<u>(48,369)</u>
<i>Fund Balances Beginning of Year, Restated</i>	<u>1,543,343</u>	<u>379,289</u>	<u>316,746</u>	<u>-</u>	<u>161,088</u>	<u>2,400,466</u>
<i>Fund Balances End of Year</i>	<u>\$1,600,328</u>	<u>\$262,910</u>	<u>\$323,407</u>	<u>-</u>	<u>\$165,452</u>	<u>\$2,352,097</u>

See accompanying notes to the basic financial statements

Medina County Park District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,515,900	\$1,515,900	\$1,384,037	(\$131,863)
Intergovernmental	2,120,346	2,120,346	750,532	(1,369,814)
Investment Income	127,523	127,523	45,098	(82,425)
Sales	26,090	26,090	9,193	(16,897)
Fees	30,479	30,479	10,746	(19,733)
Gifts and Donations	17,556	17,556	6,255	(11,301)
Other Receipts	101,677	\$101,677	35,996	(65,681)
<i>Total Receipts</i>	3,939,571	3,939,571	2,241,857	(1,697,714)
Disbursements				
Current:				
Salaries - Employees	804,412	794,886	784,318	10,568
Workers' Compensation	8,045	4,045	3,922	123
Unemployment	3,000	0	0	0
Public Employees Retirement	109,929	109,929	107,825	2,104
Medicare	11,664	11,664	10,613	1,051
Hospitalization	100,200	116,726	116,726	0
Supplies	17,716	16,516	13,223	3,293
Materials	57,078	62,978	55,236	7,742
Equipment	99,240	100,681	82,374	18,307
Equipment - Rental	5,939	5,039	3,200	1,839
Contracts - Repair	4,660	4,660	1,300	3,360
Contracts - Services	209,332	224,241	184,521	39,720
Advertising and Printing	28,120	27,970	24,255	3,715
Travel	24,943	33,443	32,068	1,375
Rent	275	275	130	145
Capital Outlay	1,755,000	1,735,000	111,947	1,623,053
Debt Service:				
Payment of Principal	516,000	516,000	515,506	494
Payment of Interest	66,000	66,000	65,510	490
Other	77,506	69,006	67,790	1,216
<i>Total Disbursements</i>	3,899,059	3,899,059	2,180,464	1,718,595
<i>Excess of Receipts Over Disbursements</i>	40,512	40,512	61,393	20,881
Other Financing Sources (Uses)				
Transfers Out	(530,000)	(530,000)	(230,000)	300,000
Refunds	5,608	5,608	1,958	(3,650)
Reimbursements	3,901	3,901	1,360	(2,541)
Sale of Assets	5,120	5,120	1,800	(3,320)
<i>Total Other Financing Sources (Uses)</i>	(515,371)	(515,371)	(224,882)	290,489
<i>Net Change in Fund Balances</i>	(474,859)	(474,859)	(163,489)	311,370
Prior Year Encumbrances Appropriated	72,184	72,184	72,184	-
<i>Fund Balances Beginning of Year</i>	1,528,143	1,528,143	1,528,143	-
<i>Fund Balances End of Year</i>	\$1,125,468	\$1,125,468	\$1,436,838	\$311,370

Medina County Park District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,479,600	\$1,479,600	\$1,370,348	(\$109,252)
Intergovernmental	1,927,822	1,927,822	766,080	(1,161,742)
Investment Income	65,971	65,971	26,201	(39,770)
Sales	6,911	6,911	2,739	(4,172)
Fees	29,320	29,320	11,652	(17,668)
Gifts and Donations	12,147	12,147	4,847	(7,300)
Other Receipts	41,677	\$41,677	16,650	(25,027)
<i>Total Receipts</i>	3,563,448	3,563,448	2,198,517	(1,364,931)
Disbursements				
Current:				
Salaries - Employees	752,598	752,598	723,365	29,233
Workers' Compensation	7,526	7,526	3,617	3,909
Unemployment	3,000	3,000	0	3,000
Public Employees Retirement	105,308	105,308	100,323	4,985
Medicare	10,913	10,913	9,819	1,094
Hospitalization	91,960	91,960	82,616	9,344
Supplies	16,498	16,498	13,010	3,488
Materials	73,226	61,226	49,253	11,973
Equipment	85,375	85,375	60,988	24,387
Equipment - Rental	5,200	5,200	3,558	1,642
Contracts - Repair	4,609	4,609	1,612	2,997
Contracts - Services	227,529	289,529	252,707	36,822
Advertising and Printing	27,717	27,717	27,367	350
Travel	21,344	25,344	23,024	2,320
Rent	275	275	196	79
Capital Outlay	1,850,000	1,800,000	17,595	1,782,405
Debt Service:				
Payment of Principal	494,000	494,000	493,551	449
Payment of Interest	88,000	88,000	87,465	535
Other	72,595	68,595	67,795	800
<i>Total Disbursements</i>	3,937,673	3,937,673	2,017,861	1,919,812
<i>Excess of Receipts Over (Under) Disbursements</i>	(374,225)	(374,225)	180,656	554,881
Other Financing Sources (Uses)				
Transfers Out	(200,000)	(200,000)	(200,000)	
Refunds	1,675	1,675	681	(994)
Reimbursements	8,796	8,796	3,464	(5,332)
<i>Total Other Financing Sources (Uses)</i>	(189,529)	(189,529)	(195,855)	(6,326)
<i>Net Change in Fund Balances</i>	(563,754)	(563,754)	(15,199)	548,555
Prior Year Encumbrances Appropriated	55,723	55,723	55,723	-
<i>Fund Balances Beginning of Year, Restated</i>	1,487,619	1,487,619	1,487,619	-
<i>Fund Balances End of Year</i>	\$979,588	\$979,588	\$1,528,143	\$548,555

See accompanying notes to the basic financial statements

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Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Park District, Medina County, Ohio, (the District) as a body corporate and politic. The probate judge of Medina County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Park District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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. These statements usually distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or object of the District's governmental activities. Disbursements are reported by object.

Note 2 - Summary of Significant Accounting Policies (continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a modified cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District objects or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the District's funds are presented as governmental funds. The District's major funds are as follows:

General Fund - The General Fund accounts 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.

Major Park Development Fund – The Major Park Development Fund accounts for financial resources that are used for the capital development of park facilities.

Outdoor Education Fund – The Outdoor Education Fund accounts for financial resources that are used for the development and operation of the Wolf Creek Environment Center.

Grants Fund – The Grants Fund accounts for financial resources for projects paid on behalf of the District by other agencies.

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

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Commissioners may appropriate. The appropriations resolution is the Board of Commissioner's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Commissioners. The legal level of control has been established by the Board of Commissioners at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board of Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Commissioners during the year.

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of budgetary control.

E. Cash and Investments

The County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting the Medina County Treasurer, John Burke, 144 North Broadway, Medina, Ohio 44256 or at 330-725-9748.

Note 2 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The District's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

K. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 3 – Change in Basis of Accounting and Restatement of Fund Balance

For the years ended December 31, 2003 and 2002, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. For the years ended December 31, 2005 and 2004 the District has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. In addition, the District reclassified its Park Equipment Capital Projects Fund which had a fund balance of \$90,139 at January 1, 2004 to be included as part of the General Fund.

The transition from the regulatory basis of accounting to the modified cash basis of accounting and the change in fund classification generated the following changes to fund balance/net assets as previously reported at December 31, 2003. The calculation of net assets of governmental activities at December 31, 2003 is also presented.

	<u>General</u>	Major Park <u>Development</u>	Outdoor <u>Education</u>	<u>Grants</u>	Other <u>Governmental</u>	Governmental <u>Activities</u>
Fund Balance						
December 31, 2004	\$ 1,453,204	\$ 379,289	\$ 316,746	\$ -	\$ 251,227	\$ 2,400,466
Park Equipment Changes	<u>90,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,139)</u>	<u>-</u>
Adjusted Fund Balance/Net Assets						
December 31, 2004	<u>\$ 1,543,343</u>	<u>\$ 379,289</u>	<u>\$ 316,746</u>	<u>\$ -</u>	<u>\$ 161,088</u>	<u>\$ 2,400,466</u>

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund, December 31, 2005	\$ 41,344
General Fund, December 31, 2004	72,184

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2005 and 2004 represent the collection of 2004 and 2003 taxes, respectively. Real property taxes received in 2005 and 2004 were levied after October 1, 2004 and 2003, on the assessed values as of January 1, 2004 and 2003, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 5 - Property Taxes (continued)

Public utility personal property tax received in 2005 and 2004 represent the collection of 2004 and 2003 taxes. Public utility tangible personal property taxes received in 2005 and 2004 became a lien on December 31, 2003 and 2002, were levied after October 1, 2004 and 2003, and are collected in 2005 and 2004 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 and 2004 (other than public utility property) represent the collection of 2005 and 2004 taxes. Tangible personal property taxes received in 2005 and 2004 were levied after October 1, 2004 and 2003, on the true value as of December 31, 2004 and 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. 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.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all District operations for the year ended December 31, 2005, was \$.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$2,813,418,050
Agriculture	210,187,370
Commercial/Industrial/Mineral	599,893,830
Public Utility Property	
Real	608,870
Personal	106,710,390
Tangible Personal Property	285,019,513
Total Assessed Value	<u>\$4,015,838,023</u>

The full tax rate for all District operations for the year ended December 31, 2004, was \$.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$2,539,833,540
Agriculture	192,242,890
Commercial/Industrial/Mineral	549,825,120
Public Utility Property	
Real	562,370
Personal	109,166,890
Tangible Personal Property	286,767,418
Total Assessed Value	<u>\$3,678,398,228</u>

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6 - Risk Management

Risk Pool Membership

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$2,000,000. Governments can elect additional coverage, up to a total limit of \$12,000,000 from the General Reinsurance Corporation.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Traveler's Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
 <u>Property Coverage</u>	 <u>2005</u>	 <u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,246)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,086</u>	<u>\$3,108,199</u>

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2005 and 2004, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The District's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$74,902, \$69,081, and \$62,950, respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion used to fund health care.

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 8 - Postemployment Benefits (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans for 2005 and 2004 were 376,109 and 369,885, respectively. Actual employer contributions for 2005 and 2004 which were used to fund postemployment benefits were \$31,373 and \$28,935, respectively. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Debt

The District's long-term debt activity for the year ended December 31, 2005 and 2004, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
Park District Improvement Bonds 1999 Issue	4.4%	\$1,836,743	\$ -	\$585,803	\$1,250,940	\$611,861
Lovas Promissory Note	5% - 7%	\$160,000	\$ -	\$80,000	\$80,000	\$80,000
	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Governmental Activities</u>						
Park District Improvement Bonds 1999 Issue	4.4%	\$2,397,597	\$ -	\$ 560,854	\$1,836,743	\$585,803
Lovas Promissory Note	5% - 7%	\$240,000	\$ -	\$80,000	\$160,000	\$80,000

Medina County Park District
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 9 – Debt (continued)

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 26, 2001, for the purpose of acquiring land for use by the District. This note is 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 12.

The following is a summary of the District's future annual debt service requirements:

Year	Park Improvement Bonds		Lovas Promissory Note	
	Principal	Interest	Principal	Interest
2006	\$ 611,861	\$48,384	\$80,000	\$5,600
2007	639,079	21,166		
Totals	\$1,250,940	\$69,550	\$80,000	\$5,600

Note 10 - Interfund Transfers

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Major Park Development Fund	\$165,000
Outdoor Education Fund	25,000
Other Governmental Funds	40,000
Total Transfers from the General Fund	\$230,000

During 2004 the following transfers were made:

Transfers from the General Fund to:	
Major Park Development Fund	\$125,000
Outdoor Education Fun	25,000
Other Governmental Funds	50,000
Total Transfers from the General Fund	\$200,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 - 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 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 the 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, LaGrange, Ohio 44050.

Note 13 – 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 the 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 debt and additional costs for this project are to be paid by the North Coast Regional Council of Park Districts on behalf of the District. There were no costs in addition to debt that was paid on behalf of the District by the North Coast Regional Council of Park Districts. Once the project is completed, any remaining moneys will be submitted to the District.

Note 14 – Subsequent Events - Land Acquisition

On March 13, 2006, the District entered into a purchase agreement and donation acknowledgement with William R. and Maloa M. Palmer (the Palmers) and Chippewa Lake Properties, Inc for the acquisition of 68 acres of land located in Lafayette Township, Medina County, in which the District agreed to buy a undivided 58.5% interest in the 68 acres with the remaining 41.5% interest being donated to the District by the Palmers. The appraised value of the 68 acres is \$2,690,000. As consideration for the sale of the land, the District agreed to pay \$1,300,000 to the Palmers over a period of three years beginning in 2006 and agreed to convey to the Palmers 12 acres of land located in Westfield Township, Medina County. This consideration equals \$1,573,250 or 58.5%, therefore the acknowledged value of the donation to the District is equal to \$1,116,750 or 41.5%.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of the Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 17, 2006, in which we noted that the District revised its financial presentation to be comparable to the requirements of Governmental Accounting Standard No. 34 and reclassified a fund from a Capital Projects Fund to be included in the General Fund. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated May 17, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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*.

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Medina County Park District
Medina County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and Board of Commissioners.
It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 17, 2006



**Auditor of State
Betty Montgomery**

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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
AUGUST 29, 2006**