



Mary Taylor, CPA
Auditor of State

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Metropolitan Park District
Cuyahoga County
4101 Fulton Parkway
Cleveland, Ohio 44144

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the District) as of and for the years ended December 31, 2006 and December 31, 2005, 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 did not audit the financial statements of the Cleveland Zoological Society, the discretely presented component unit. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the Cleveland Zoological Society on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the financial statements of the Cleveland Zoological Society in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

August 16, 2007

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2006 and 2005

(With Comparative Amounts for 2004)

Unaudited

The discussion and analysis of the Cleveland Metropolitan Park District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2006, 2005 and 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key Financial highlights for 2006 are as follows:

- In total, Net Assets increased \$16,606,012 or more than 9 percent from 2005, primarily attributable to a \$7,646,828 increase in current or other assets due to the 1.8 mill levy revenue and depreciable assets increasing \$9,235,813 as a result of the completion of the Towpath pedestrian bridge.
- Total Liabilities remained fairly constant with a moderate increase of \$67,739 or less than 1 percent.
- The District had \$62,456,584 in expenses. These expenses were offset by program specific charges for services, operating and capital grants and contributions, in the amount of \$16,600,335, along with \$62,462,261 in general revenues.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net assets related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting on the District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net assets and the changes in those assets. The change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of the District's capital assets will also need to be evaluated.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2006 and 2005

(With Comparative Amounts for 2004)

Unaudited

In the Statement of Net Assets and the Statement of Activities, the District's activities are divided into two types of activities:

- **Governmental Activities** – All of the District's services are reported here including zoo operations, park operations, golf course, ranger department and administration.
- **Component Unit** – The District includes the financial data of the Cleveland Zoological Society (the Zoo Society). The Zoo Society is a nonprofit organization which operates under a 62 member Board of Trustees. The Zoo Society promotes the conservation and propagation of wildlife – particularly endangered species – primarily through the support of the Cleveland Metropolitan Park District (the District). The Zoo Society will engage the community in support of the Cleveland Zoo (the Zoo) and in its mission to improve the future for wildlife and will marshal the resources necessary to ensure that the Zoo remains one of the region's preeminent destinations and ultimately one of the top five zoos in the country. Since the economic resources received by the Zoo Society are almost entirely for the benefit of and accessible to the District, the Zoo Society is presented as a component unit of the District. The Cleveland Zoological Society is included as a component unit of the District due to the District's influence on the programs and services provided by the Cleveland Zoological Society and due to the operating agreement between the District and the Cleveland Zoological Society (Note 16H). The District does not appoint any of the members of the Cleveland Zoological Society's governing board or the District does not approve the budget or debt issuance of the Cleveland Zoological Society.

Reporting on the District's Most Significant Fund

Governmental Fund

The presentation for the District's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our District users. The relationship (or difference) between governmental activities (reported on the Statement of Net Assets and the Statement of Activities) and the general fund is reconciled in the financial statements.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
(With Comparative Amounts for 2004)
Unaudited

The Cleveland Metropolitan Park District as a Whole

Recall that the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2006 compared to 2005 and 2004.

	Table 1 Net Assets		
	2006	2005	2004
Assets			
Current and Other Assets	\$90,748,984	\$83,102,156	\$68,882,491
Nondepreciable Capital Assets	37,041,095	37,249,985	38,416,116
Depreciable Capital Assets	123,809,382	114,573,569	102,607,233
<i>Total Assets</i>	251,599,461	234,925,710	209,905,840
Liabilities			
Current and Other Liabilities	56,131,282	56,178,066	54,399,218
Long-Term Liabilities:			
Due Within One Year	657,155	395,679	456,438
Due in More than One Year	4,397,983	4,544,936	4,444,938
<i>Total Liabilities</i>	61,186,420	61,118,681	59,300,594
Net Assets			
Invested in Capital Assets	160,850,477	151,823,554	141,023,349
Unrestricted	29,562,564	21,983,475	9,581,897
<i>Net Assets</i>	\$190,413,041	\$173,807,029	\$150,605,246

The \$16,606,012 increase in 2006 net assets is primarily attributed to the increase in total assets offset by a moderate increase in total liabilities (see Table 1). On the Statement of Net Assets, cash and cash equivalents increased by \$4,637,826 for 2006. The main increases were due to the accumulated tax revenue primarily attributable to the new 1.8 mill replacement levy passed in November of 2004.

Liabilities in 2006 increased by a moderate \$67,739 from 2005 due to normally encountered liabilities increasing as a result of the new replacement levy passed in 2004.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
(With Comparative Amounts for 2004)
Unaudited

Table 2 shows the changes in net assets for the years ended December 31, 2006, 2005 and 2004.

Table 2
Changes in Net Assets

	2006	2005	2004
Revenues			
Program Revenues			
Charges for Services	\$13,536,983	\$12,866,442	\$13,612,949
Operating Grants and Contributions	1,226,400	919,547	472,840
Capital Grants and Contributions	1,836,952	1,866,146	227,668
Total Program Revenues	16,600,335	15,652,135	14,313,457
General Revenues			
Property Taxes	51,562,461	51,680,119	33,801,710
Grants and Entitlements	9,333,035	12,225,924	6,878,708
Investment Earnings	1,299,475	616,503	203,684
Miscellaneous	267,290	1,139,131	212,545
Total General Revenues	62,462,261	65,661,677	41,096,647
Total Revenues	79,062,596	81,313,812	55,410,104
Program Expenses			
Park Operations	20,549,748	20,158,786	18,778,385
Zoo Operations	19,318,945	15,861,777	15,988,629
Golf Course	6,307,379	5,782,194	6,209,354
Ranger Department	7,079,239	6,393,974	6,855,859
Administration	9,201,273	9,915,298	8,907,191
Total Program Expenses	62,456,584	58,112,029	56,739,418
Change in Net Assets	16,606,012	23,201,783	(1,329,314)
Net Assets Beginning of Year	173,807,029	150,605,246	151,934,560
Net Assets End of Year	\$190,413,041	\$173,807,029	\$150,605,246

Several revenue sources fund our District. Property tax is the biggest contributor and accounted for 65.2 percent of gross revenue in 2006, compared to 63.6 in 2005 and 61.0 in 2004. The property tax of 1.8 mills was voted on by the citizenry of Cuyahoga County and Hinckley Township of Medina County in November of 2004. The levy will continue through November 2014.

In 2006, Grants and Entitlements decreased \$2,892,889 primarily attributable to significant grant revenue received in 2005 and grants awarded in 2006 to be received in 2007.

The District has maintained a philosophy to strive for self-sufficiency in the areas dedicated to recreation such as the golf courses, Zoo, The Chalet and Aquatics. As a result of this, charges for services in 2006 accounted for \$13,536,983, which is 17.1 percent of gross revenue, compared to \$12,866,442 or 15.8 percent of gross revenue in 2005 and \$13,612,949 or 24.6 percent of gross revenue in 2004. The percentage for 2006 is higher due to a decrease in general revenue grants and entitlements.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
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(With Comparative Amounts for 2004)
Unaudited

The expense of park operations, including outdoor education, represented 32.9 percent of our total program expenses during 2006, compared to 34.7 percent in 2005 and 33.1 percent in 2004. Maintenance of the sixteen park reservations, connecting roads and trails represent a significant part of this expense.

In 2006, zoo operation expenses amounted to \$19,318,945 of the total program expenses or 30.9 percent of program expenses, compared to \$15,861,777 or 27.3 percent in 2005 and \$15,988,629 or 28.2 percent in 2004. The increase in 2006 operating expenses is primarily due to the addition of the "Touch Amazing Rays and Sharks" seasonal attraction.

The District has seven golf courses. Of the seven courses, three have nine holes, one has thirty-six holes, and three have eighteen holes. Golf course operations amounted to \$6,307,379 of the total program expenses of the District, or 10.1 percent, in 2006, compared to \$5,782,194 or 10.0 percent in 2005 and \$6,209,354 or 10.9 percent in 2004.

The ranger department continues to monitor and provide safety for District visitors and facilities. The ranger department accounts for \$7,079,239 of the total program expense or 11.3 percent of the total in 2006, compared to \$6,393,974 or 11.0 percent in 2005 and \$6,855,859 or 12.1 percent in 2004.

The District's Fund

Information about the District's governmental fund begins on page 16. This fund is accounted for using the modified accrual basis of accounting. The District had governmental revenues of \$79,084,605, and expenditures of \$71,368,984. Revenues increases are primarily attributable to increases in property taxes collected in 2006. Expenditures increased by \$2,435,975 primarily due to general operating expenditure increases as compared with 2005.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During the course of 2006 the District amended its general fund budget. All recommendations for a budget change come from the District Treasurer of the Board of Park Commissioners for resolution enactment on the change. The general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Original budgeted revenues for the general fund were \$74,777,221; final budget amount was \$76,210,733 and the actual revenue was \$76,499,233. The major factors contributing to the increase of final budgeted revenues over original budgeted revenues were increased intergovernmental revenues and park receipts. The major factors contributing to the increase of actual revenues over final budgeted revenues were increased property taxes, interest earnings, and zoo receipts.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
(With Comparative Amounts for 2004)
Unaudited

Capital Assets

Table 3
 Capital Assets at December 31
 (Net of Depreciation)

	2006	2005	2004
Land	\$35,615,313	\$30,334,347	\$27,402,390
Construction in Progress	1,425,782	6,915,638	11,013,726
Buildings	70,988,381	70,835,860	61,408,418
Machinery and Equipment	5,871,392	5,391,486	4,788,663
Vehicles	2,995,113	2,782,899	2,779,909
Infrastructure:			
Bridges	21,048,656	14,031,734	12,641,769
Fords	1,434,080	1,479,293	1,524,507
Roads	8,456,228	6,862,688	7,050,714
All Purpose Trails	10,827,781	11,029,890	10,123,147
Golf Course Cart Paths	512,909	380,138	367,761
Other Paved Areas	1,674,842	1,779,581	1,922,345
<i>Totals</i>	<u>\$160,850,477</u>	<u>\$151,823,554</u>	<u>\$141,023,349</u>

The increase in capital assets of \$9,026,923 in 2006 and \$10,800,205 in 2005 was attributable to additional bridge construction and park road projects as well as land acquisition. During 2006, the towpath pedestrian bridges were completed and significant land acquisition was made. See note 10 of the basic financial statements for additional information on capital assets.

Current Financial Related Activities

Long- and short-term goals. The revenues and expenditures within the budget are directed to achieve the District's mission. The budget addresses the five critical issues outlined in District Strategic Plan 2000 and helps support the initiatives narrated in the Zoo Master Plan. The budget supports specific departmental work programs and verifies to the public that the District has been debt-free, with no capital obligations or unfunded liabilities.

Performance tools and response to change. The annual financial report provides measurement tools to assess the financial performance of each department, as well as the District as a whole.

Non-tax funds. Non-tax funds coming to the District are attributable to initiatives of District personnel and generosity of other organizations. The District golf courses, Zoo, The Chalet, Aquatics, and other program operations have strived successfully toward a goal of "self-sufficiency." For example, the Zoo's commitment toward "self-sufficiency" reached 40.5 percent in 2006.

The District has committed itself to financial excellence and has a history of doing just that. The District has received the Government Finance Officers *Distinguished Budget Presentation Award* for 14 consecutive fiscal years beginning January 1, 1993 through December 31, 2006.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2006 and 2005

(With Comparative Amounts for 2004)

Unaudited

Annually we make available our financial reports and budget documents. The District publishes a variety of informative documents related to the District and the Zoo. We also have information available at both the park and zoo web sites.

Contacting the Park District's Treasurer's Office

This financial report is designed to provide our citizenry with the general overview of the District's finances and show the District's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact Robert L. Miller, Treasurer, Cleveland Metropolitan Park District, 4101 Fulton Parkway, Cleveland, Ohio 44144, or by email at rlm@clevelandmetroparks.com.

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Cleveland Metropolitan Park District, Cuyahoga County

Statement of Net Assets

For the Years Ended December 31, 2006 and 2005

	Primary Government		Component Unit	
	Governmental Activities		Cleveland Zoological Society	
	2006	2005	2006	2005
Assets				
Cash and Cash Equivalents	\$21,538,073	\$16,900,247	\$3,005,061	\$2,623,246
Cash and Cash Equivalents:				
In Segregated Accounts	39,206	10,956	0	0
With Fiscal Agents	160,451	248,509	0	0
Investments	0	0	5,699,773	4,598,858
Charitable Gift Annuities	0	0	91,596	90,923
Charitable Remainder Trust	0	0	164,064	165,070
Materials and Supplies Inventory	950,164	1,016,223	0	0
Accrued Interest Receivable	165,110	34,671	0	0
Beneficial Interest in Perpetual Trusts	0	0	595,081	516,360
Accounts Receivable	59,954	74,427	0	0
Pledges Receivable	0	0	2,793,359	326,775
Due from Zoological Society	3,870,615	638,306	0	0
Intergovernmental Receivable	4,663,051	6,019,534	0	0
Prepaid Items	127,056	55,893	35,475	31,165
Taxes Receivable	59,175,304	58,103,390	0	0
Nondepreciable Capital Assets	37,041,095	37,249,985	0	0
Depreciable Capital Assets, Net	123,809,382	114,573,569	45,980	64,351
<i>Total Assets</i>	<u>251,599,461</u>	<u>234,925,710</u>	<u>12,430,389</u>	<u>8,416,748</u>
Liabilities				
Accounts Payable	1,113,799	654,366	212,476	45,017
Contracts Payable	218,879	1,380,855	0	0
Accrued Wages	643,537	563,094	0	0
Matured Compensated Absences Payable	23,917	24,233	0	0
Due to Primary Government	0	0	3,870,615	638,306
Retainage Payable	160,451	248,509	0	0
Insurance Claim Payable	31,976	0	0	0
Intergovernmental Payable	449,415	335,665	0	0
Split Interest Agreements Payable	0	0	66,642	128,384
Deferred Revenue	53,489,308	52,971,344	0	0
Long-Term Liabilities:				
Due Within One Year	657,155	395,679	0	0
Due In More Than One Year	4,397,983	4,544,936	0	0
<i>Total Liabilities</i>	<u>61,186,420</u>	<u>61,118,681</u>	<u>4,149,733</u>	<u>811,707</u>
Net Assets				
Invested in Capital Assets	160,850,477	151,823,554	45,980	64,351
Restricted for				
Educational and Conservation Grants	0	0	355,156	427,067
Marketing Sponsorships	0	0	170,256	157,064
Charitable Remainder Trust	0	0	162,149	105,037
Neotropical Research	0	0	64,260	61,315
Endowment Funds	0	0	642,081	563,360
Unrestricted	29,562,564	21,983,475	6,840,774	6,226,847
<i>Total Net Assets</i>	<u>\$190,413,041</u>	<u>\$173,807,029</u>	<u>\$8,280,656</u>	<u>\$7,605,041</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Activities

For the Years Ended December 31, 2006 and 2005

2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Cleveland Zoological Society
Primary Government						
Governmental Activities						
Park Operations	\$20,549,748	\$1,039,166	\$371,945	\$1,836,952	(\$17,301,685)	\$0
Zoo Operations	19,318,945	6,870,987	420,018	0	(12,027,940)	0
Golf Course	6,307,379	5,548,949	0	0	(758,430)	0
Ranger Department	7,079,239	77,881	0	0	(7,001,358)	0
Administration	9,201,273	0	434,437	0	(8,766,836)	0
<i>Total Primary Government</i>	<u>\$62,456,584</u>	<u>\$13,536,983</u>	<u>\$1,226,400</u>	<u>\$1,836,952</u>	<u>(45,856,249)</u>	<u>0</u>
Component Unit						
Cleveland Zoological Society	<u>\$8,145,865</u>	<u>\$0</u>	<u>\$684,169</u>	<u>\$3,551,834</u>	<u>0</u>	<u>(3,909,862)</u>
General Revenues						
Property Taxes					51,562,461	0
Grants and Entitlements not Restricted to Specific Programs					9,333,035	0
Investment Earnings					1,299,475	655,245
Unrestricted Contributions					0	3,132,364
Miscellaneous					267,290	797,868
<i>Total General Revenues</i>					<u>62,462,261</u>	<u>4,585,477</u>
Change in Net Assets					16,606,012	675,615
<i>Net Assets Beginning of Year</i>					<u>173,807,029</u>	<u>7,605,041</u>
<i>Net Assets End of Year</i>					<u>\$190,413,041</u>	<u>\$8,280,656</u>

See accompanying notes to the basic financial statements

(continued)

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Activities (continued)

For the Years Ended December 31, 2006 and 2005

2005						
	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Cleveland Zoological Society
Primary Government						
Governmental Activities						
Park Operations	\$20,158,786	\$1,040,646	\$397,360	\$1,865,141	(\$16,855,639)	\$0
Zoo Operations	15,861,777	6,170,397	374,940	0	(9,316,440)	0
Golf Course	5,782,194	5,570,313	8,650	0	(203,231)	0
Ranger Department	6,393,974	85,086	0	0	(6,308,888)	0
Administration	9,915,298	0	138,597	1,005	(9,775,696)	0
<i>Total Primary Government</i>	<u>\$58,112,029</u>	<u>\$12,866,442</u>	<u>\$919,547</u>	<u>\$1,866,146</u>	<u>(42,459,894)</u>	<u>0</u>
Component Unit						
Cleveland Zoological Society	<u>\$4,707,734</u>	<u>\$0</u>	<u>\$587,767</u>	<u>\$163,060</u>	<u>0</u>	<u>(3,956,907)</u>
General Revenues						
Property Taxes					51,680,119	0
Grants and Entitlements not Restricted to Specific Programs					12,225,924	0
Investment Earnings					616,503	358,590
Unrestricted Contributions					0	3,090,558
Miscellaneous					1,139,131	741,618
<i>Total General Revenues</i>					<u>65,661,677</u>	<u>4,190,766</u>
Change in Net Assets					23,201,783	233,859
<i>Net Assets Beginning of Year</i>					<u>150,605,246</u>	<u>7,371,182</u>
<i>Net Assets End of Year</i>					<u>\$173,807,029</u>	<u>\$7,605,041</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Balance Sheet

Governmental Fund

For the Years Ended December 31, 2006 and 2005

	2006	2005
	General	General
	Fund	Fund
Assets		
Cash and Cash Equivalents	\$21,538,073	\$16,900,247
Cash and Cash Equivalents:		
In Segregated Accounts	39,206	10,956
With Fiscal Agents	160,451	248,509
Materials and Supplies Inventory	950,164	1,016,223
Accrued Interest Receivable	165,110	34,671
Accounts Receivable	59,954	74,427
Due from Component Unit	3,870,615	638,306
Intergovernmental Receivable	4,663,051	6,019,534
Prepaid Items	127,056	55,893
Taxes Receivable	59,175,304	58,103,390
<i>Total Assets</i>	<u>\$90,748,984</u>	<u>\$83,102,156</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$1,113,799	\$654,366
Contracts Payable	218,879	1,380,855
Accrued Wages	643,537	563,094
Matured Compensated Absences Payable	23,917	24,233
Insurance Claims Payable	31,976	0
Retainage Payable	160,451	248,509
Intergovernmental Payable	449,415	335,665
Deferred Revenue	63,488,565	62,992,610
<i>Total Liabilities</i>	<u>66,130,539</u>	<u>66,199,332</u>
Fund Balance		
Reserved for Encumbrances	2,710,751	903,269
Unreserved, Undesignated	21,907,694	15,999,555
<i>Total Fund Balance</i>	<u>24,618,445</u>	<u>16,902,824</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$90,748,984</u>	<u>\$83,102,156</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Reconciliation of Governmental Fund Balance to

Net Assets of Governmental Activities

December 31, 2006 and 2005

	2006	2005
Total Governmental Fund Balances	\$24,618,445	\$16,902,824
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	160,850,477	151,823,554
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund:		
Intergovernmental	4,313,261	4,889,220
Property and Other Taxes	<u>5,685,996</u>	<u>5,132,046</u>
Total	9,999,257	10,021,266
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.	<u>(5,055,138)</u>	<u>(4,940,615)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$190,413,041</u></u>	<u><u>\$173,807,029</u></u>
See accompanying notes to the basic financial statements		

Cleveland Metropolitan Park District, Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Years Ended December 31, 2006 and 2005

	2006	2005
Revenues		
Property Taxes	\$51,008,511	\$50,037,821
Intergovernmental	11,897,170	11,515,633
Donations and Sponsors	1,075,176	1,327,931
Interest	1,299,475	616,503
Golf Receipts	5,548,949	5,570,313
Zoo Receipts	6,870,987	6,170,397
Park Receipts	1,039,166	1,040,646
Damages and Fines	77,881	85,086
Miscellaneous	267,290	1,199,145
<i>Total Revenues</i>	<u>79,084,605</u>	<u>77,563,475</u>
Expenditures		
Current:		
Park Operations	16,564,555	16,658,828
Zoo Operations	17,144,105	15,455,102
Golf Course	5,916,070	5,788,395
Ranger Department	6,838,120	6,355,757
Administration	9,078,987	9,779,131
Capital Outlay	15,827,147	14,895,796
<i>Total Expenditures</i>	<u>71,368,984</u>	<u>68,933,009</u>
<i>Net Change in Fund Balance</i>	7,715,621	8,630,466
<i>Fund Balance Beginning of Year</i>	<u>16,902,824</u>	<u>8,272,358</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,618,445</u></u>	<u><u>\$16,902,824</u></u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

*Reconciliation of the Changes in Fund Balance
of Governmental Fund to the Statement of Activities
For the Years Ended December 31, 2006 and 2005*

	2006	2005
Net Change in Fund Balances - Total Governmental Fund	\$7,715,621	\$8,630,466
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset Additions	15,230,863	17,502,880
Current Year Depreciation	<u>(6,034,601)</u>	<u>(6,474,905)</u>
Total	9,196,262	11,027,975
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a loss is reported for each disposal.	(169,339)	(227,770)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Intergovernmental	(575,959)	2,168,053
Delinquent Property Taxes	<u>553,950</u>	<u>1,642,298</u>
Total	(22,009)	3,810,351
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	<u>(114,523)</u>	<u>(39,239)</u>
<i>Change in Net Assets</i>	<u>\$16,606,012</u>	<u>\$23,201,783</u>
See accompanying notes to the basic financial statements		

Cleveland Metropolitan Park District, Cuyahoga County

*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund*

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$51,570,115	\$51,570,115	\$51,008,511	(\$561,604)
Intergovernmental	7,574,790	9,055,082	9,439,758	384,676
Donations and Sponsors	1,073,219	1,073,219	1,075,176	1,957
Interest	725,000	725,000	1,169,036	444,036
Golf Receipts	6,098,759	6,098,759	5,595,736	(503,023)
Zoo Receipts	6,515,484	6,514,826	6,871,368	356,542
Park Receipts	441,470	998,610	1,044,315	45,705
Damages and Fines	80,750	80,750	88,244	7,494
Miscellaneous	697,634	94,372	207,089	112,717
<i>Total Revenues</i>	<u>74,777,221</u>	<u>76,210,733</u>	<u>76,499,233</u>	<u>288,500</u>
Expenditures				
Current:				
Park Operations	16,472,970	16,761,280	17,212,923	(451,643)
Zoo Operations	17,130,794	17,430,617	16,971,672	458,945
Golf Course	6,047,053	6,152,888	5,969,768	183,120
Ranger Department	6,533,994	6,648,352	6,725,327	(76,975)
Administration	11,154,375	11,430,626	10,288,893	1,141,733
Capital Outlay	23,433,516	23,843,649	18,766,612	5,077,037
<i>Total Expenditures</i>	<u>80,772,702</u>	<u>82,267,412</u>	<u>75,935,195</u>	<u>6,332,217</u>
<i>Net Change in Fund Balance</i>	(5,995,481)	(6,056,679)	564,038	6,620,717
<i>Fund Balance Beginning of Year</i>	14,137,084	14,137,084	14,137,084	0
Prior Year Encumbrances Appropriated	<u>2,876,611</u>	<u>2,876,611</u>	<u>2,876,611</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,018,214</u>	<u>\$10,957,016</u>	<u>\$17,577,733</u>	<u>\$6,620,717</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$49,708,421	\$49,976,541	\$50,037,821	\$61,280
Intergovernmental	11,150,227	11,168,170	10,719,165	(449,005)
Donations and Sponsors	1,797,858	1,813,535	1,327,931	(485,604)
Interest	398,083	400,000	582,457	182,457
Golf Receipts	5,754,350	5,782,062	5,516,262	(265,800)
Zoo Receipts	6,086,596	6,115,908	6,179,093	63,185
Park Receipts	1,058,977	1,064,077	1,026,146	(37,931)
Damages and Fines	83,597	84,000	69,566	(14,434)
Miscellaneous	439,009	441,411	1,125,236	683,825
<i>Total Revenues</i>	<u>76,477,118</u>	<u>76,845,704</u>	<u>76,583,677</u>	<u>(262,027)</u>
Expenditures				
Current:				
Park Operations	19,337,048	19,448,517	16,248,500	3,200,017
Zoo Operations	16,261,083	16,354,820	15,930,564	424,256
Golf Course	5,944,137	5,978,402	5,749,062	229,340
Ranger Department	9,355,908	6,391,989	6,391,989	0
Administration	10,488,324	10,552,923	9,725,217	827,706
Capital Outlay	18,187,286	18,292,685	16,665,001	1,627,684
<i>Total Expenditures</i>	<u>79,573,786</u>	<u>77,019,336</u>	<u>70,710,333</u>	<u>6,309,003</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,096,668)	(173,632)	5,873,344	6,046,976
Other Financing Sources				
Proceeds from Sale of Capital Assets	60,014	60,014	60,014	0
<i>Net Change in Fund Balance</i>	(3,036,654)	(113,618)	5,933,358	6,046,976
<i>Fund Balance Beginning of Year</i>	6,540,193	6,540,193	6,540,193	0
Prior Year Encumbrances Appropriated	1,663,533	1,663,533	1,663,533	0
<i>Fund Balance End of Year</i>	<u>\$5,167,072</u>	<u>\$8,090,108</u>	<u>\$14,137,084</u>	<u>\$6,046,976</u>

See accompanying notes to the basic financial statements

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Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements
For The Years Ended December 31, 2006 and 2005

Note 1 - Reporting Entity and Basis of Presentation

The Cleveland Metropolitan Park District (the District) is a body politic established on July 23, 1917, by the Cuyahoga County Probate Court, under the authority of Section 1545.01, Ohio Revised Code.

The District's governing body is a three member Board of Park Commissioners (the Commissioners), who are appointed to three year terms by the Cuyahoga County Probate Court. The District is classified as a related organization of Cuyahoga County.

The District is dedicated to the conservation of natural resources and wildlife, while providing various recreational facilities and services which are to be enjoyed by the public. These activities are directly controlled by the Commissioners through the budgetary process and are included within this report.

In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Cleveland Metropolitan Park District and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Unit The component unit column in the entity-wide financial statements identifies the financial data of the District's component unit, the Cleveland Zoological Society, which is reported separately to emphasize that it is legally separate from the District.

Cleveland Zoological Society The Cleveland Zoological Society (the Zoo Society) is a nonprofit organization which operates under a 62 member Board of Trustees. The Zoo Society promotes the conservation and propagation of wildlife – particularly endangered species – primarily through the support of the Cleveland Metropolitan Park District (the District). The Zoo Society will engage the community in support of the Cleveland Zoo (the Zoo) and in its mission is to improve the future for wildlife and will marshal the resources necessary to ensure that the Zoo remains one of the region's preeminent destinations and ultimately one of the top five zoos in the country. Since the economic resources received by the Zoo Society are primarily for the benefit of and are generally accessible to the District, the Zoo Society is presented as a component unit of the District. The Cleveland Zoological Society is included as a component unit of the District due to the District's influence on the programs and services provided by the Cleveland Zoological Society and due to the operating agreement between the District and the Cleveland Zoological Society (Note 15 H). The District does not appoint any of the members of the Cleveland Zoological Society's governing board or approve the budget or debt issuance of the Cleveland Zoological Society. Financial statements can be obtained from the Cleveland Zoological Society, 3900 Wildlife Way, Cleveland, Ohio 44109.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit for the years ended December 31, 2006 and 2005 is presented in Note 15.

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2006 and 2005*

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental activities provided they don't conflict with or contradict GASB pronouncements.

A. Basis of Presentation

The District's basic financial statements consist of government-wide 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.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District accounts for its financial activities in a single governmental fund. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The District's only governmental fund is the General Fund which accounts for all financial resources. The general fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

B. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2006 and 2005

Fund Financial Statements

The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the General Fund.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The General Fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: state-levied locally shared taxes, damages and fines, interest, grants and rentals.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance the following year's operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2006 and 2005

Expenses/Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

D. Cash and Cash Equivalents

The District utilizes a fiscal agent to hold retainage on construction contracts. The balances of these accounts are presented on the balance sheet as “cash and cash equivalents with fiscal agents”.

During 2006 and 2005, the District’s investments were limited to non-negotiable certificates of deposit, repurchase agreements, and STAROhio.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer’s Office. STAROhio allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for at year-end.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund amounted to \$1,299,475 during 2006 and \$616,503 during 2005.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

E. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Capital Assets

The District’s only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the general fund. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the financial statements of the general fund.

All capital assets, except for the District’s collection of zoo animals, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District was able estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The District capitalizes all land, construction in progress, and infrastructure. The capitalization thresholds for the District's capital assets are as follows:

Land	\$1
Construction in Progress	1
Buildings	50,000
Machinery and Equipment	1,000
Vehicles	1,000
Infrastructure	1

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District's infrastructure consists of bridges, fords, dams, roads, all purpose trails, golf course cart paths and other paved areas.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the District's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40 years
Equipment	5 - 10 years
Vehicles	7 years
Infrastructure	20 - 40 years

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based upon the District's past experience of making termination payments.

J. Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation.

L. Estimates

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

M. Budgetary Process

The general fund is 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 Commissioners may appropriate. The appropriations resolution is the Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the object level. Any budgetary modifications at this level may only be made by resolution of the Commissioners.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. 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 certificate of estimated resources in effect at the time the final appropriations were passed. The appropriation 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 Commissioners during the year.

Note 3 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, general fund, is presented on the budgetary basis to provide a meaningful comparison of actual

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund for the years ending December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
GAAP Basis	\$7,694,926	\$8,630,466
Net Adjustment for Revenue Accruals	(2,564,677)	(919,784)
Net Adjustment for Expenditure Accruals	(547,585)	1,099,287
Encumbrances	<u>(4,018,626)</u>	<u>(2,876,611)</u>
Budget Basis	<u>\$564,038</u>	<u>\$5,933,358</u>

Note 4 - Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Park Commissioners has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;

Cleveland Metropolitan Park District, Cuyahoga County

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3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No load market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
6. The State Treasurer's investment pool (STAROhio);
7. Commercial Paper, and
8. Banker's Acceptances.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. At December 31, 2006, \$11,761,763 of the District's bank balance of \$12,261,763 were collateralized and uninsured. At December 31, 2005, \$4,028,197 of the District's bank balance of \$4,628,291 were collateralized and uninsured. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim to the FDIC.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, the District had the following investments:

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

	2006		2005	
	Fair Value	Maturity	Fair Value	Maturity
Repurchase Agreement				
Treasury Note	\$820,000	January 2, 2007	\$903,000	February 2, 2006
STAROhio	9,564,920	35 days average	12,539,644	39 days average
Total	<u>\$10,384,920</u>		<u>\$13,442,644</u>	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk. STAROhio carries a rating of AAA by Standards and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

Note 5 - Receivables

Receivables at December 31, 2006 and 2005 primarily consisted of property taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible. The principal items of intergovernmental receivables are grants, entitlements and shared revenues.

Note 6 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in Cuyahoga County and Districts 16 and 17 in Medina County. Property tax revenue received during 2006 and 2005 for real and public utility property taxes represents collections of 2005 and 2004 taxes, respectively. Property tax payments received during 2006 and 2005 for tangible personal property (other than public utility property) are for 2006 and 2005 taxes.

2006 and 2005 real property taxes are levied after October 1, 2006 and 2005 on the assessed value as of January 1, 2006 and 2005, the lien dates. Assessed values are established by State law at 35 percent of appraised market value. 2006 and 2005 real property taxes are collected in and intended to finance 2007 and 2006, respectively.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. 2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all District operations for the years ended December 31, 2006 and 2005 was \$1.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

2006:

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$30,392,212,320	\$262,083,280
Public Utility Property	842,683,110	4,886,040
Tangible Personal Property	<u>1,923,151,550</u>	<u>2,671,990</u>
Total Assessed Value	<u>\$33,158,046,980</u>	<u>\$269,641,310</u>

2005:

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$27,318,158,170	\$244,578,510
Public Utility Property	944,717,180	4,953,150
Tangible Personal Property	<u>2,384,696,811</u>	<u>5,659,118</u>
Total Assessed Value	<u>\$30,647,572,161</u>	<u>\$255,190,778</u>

The County Treasurers collect property taxes on behalf of all taxing districts in the county, including the Cleveland Metropolitan Park District. The County Auditors periodically remit to the District its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and 2005 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 and 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Note 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the District contracted with several companies for various types of insurance as follows:

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

2006:

Company	Type	Coverage
HCC	Flood	\$5,000,000
	Earthquake	5,000,000
	Employment Practices	2,000,000
	General Liability	1,000,000
	Liquor Liability	1,000,000
	Property	183,625,469
	Automobile Liability	1,000,000
	Inland Marine	10,050,403
	Public Official/Law Enforcement	2,000,000
	Data Processing Equipment	1,720,814
	Commercial Crime	250,000
	Excess Liability	10,000,000
	St. Paul/Travelers	Boiler and Machinery
Western Surety	Treasurer Bond	1,000,000

2005:

Company	Type	Coverage
St. Paul	Flood	\$5,000,000
	Earthquake	5,000,000
	Employment Practices	2,000,000
	General Liability	2,000,000
	Liquor Liability	1,000,000
	Property	175,453,011
	Automobile Liability	1,000,000
	Inland Marine	8,773,678
	Public Official/Law Enforcement	2,000,000
	Boiler and Machinery	30,000,000
	Data Processing Equipment	1,700,000
	Commercial Crime	250,000
	Western Surety	Treasurer Bond
Arch	Excess Liability	10,000,000

Workers' compensation coverage is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last five years.

Note 8 - Contingencies

The District is a party to legal proceedings seeking damages. The District management is of the opinion that the ultimate disposition of a majority of the claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

Note 9 - Contractual Commitments

At December 31, 2006 and December 31, 2005, the District's significant contractual commitments consisted of:

2006

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
H.C. Lobalzo	\$42,120	\$0	\$42,120
Behnke Associates	358,591	279,331	79,260
Brookside Lawn	564,200	0	564,200
DLZ Ohio	314,909	271,746	43,163
Cuyahoga Bridge and Road	1,118,274	1,072,585	45,689
Floyd Brown Group	157,498	78,211	79,287
Davidson Smith	312,300	49,449	262,851
CLR Design	1,557,119	961,897	595,222
Minority Electric	118,763	0	118,763
Cost of Wisconsin	919,435	0	919,435
Southwest Companies	14,859,857	14,639,772	220,085
Total	<u><u>\$20,323,066</u></u>	<u><u>\$17,352,991</u></u>	<u><u>\$2,970,075</u></u>

2005

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Great Lakes Construction	\$5,302,600	\$1,203,304	\$4,099,296
Armatas Construction	1,839,511	500,195	1,339,316
HNTB	297,690	45,744	251,946
Kenmore Construction	274,207	0	274,207
Perk Company	254,638	243,672	10,966
Carson Paving	245,500	0	245,500
Areadis - Ohio - Erie Canal	180,800	90,230	90,570
DLZ Ohio	153,396	76,699	76,697
Doty & Miller	146,300	119,145	27,155
Areadis - No. Chagrin	142,573	111,911	30,662
Shelly Company	124,760	0	124,760
SBC	116,213	20,915	95,298
Shoreline Contractors	60,431	28,150	32,281
Commercial Siding	53,000	0	53,000
Cross County Cowboy	43,238	0	43,238
Other Contractual Commitments	25,034,524	24,913,778	120,746
Total	<u><u>\$34,269,381</u></u>	<u><u>\$27,353,743</u></u>	<u><u>\$6,915,638</u></u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

Note 10 - Capital Assets

A summary of changes in capital assets during 2006 follows:

	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$30,334,347	\$5,280,966	\$0	\$35,615,313
Construction in Progress	6,915,638	6,315,693	(11,805,549)	1,425,782
<i>Total Capital Assets, Not Being Depreciated</i>	<u>37,249,985</u>	<u>11,596,659</u>	<u>(11,805,549)</u>	<u>37,041,095</u>
Capital Assets, Being Depreciated				
Buildings	95,507,849	2,542,873	(50,480)	98,000,242
Machinery and Equipment	13,104,104	1,485,415	(283,458)	14,306,061
Vehicles	8,125,647	944,698	(402,906)	8,667,439
Infrastructure				
Bridges	21,825,173	7,548,424	(14,245)	29,359,352
Fords	1,815,757	0	0	1,815,757
Dams	85,000	0	0	85,000
Roads	11,138,826	2,111,825	(773,128)	12,477,523
All Purpose Trails	16,575,448	602,768	(578,661)	16,599,555
Golf Course Cart Paths	720,164	168,380	(7,986)	880,558
Other Paved Areas	2,855,285	35,370	(53,110)	2,837,545
<i>Total Capital Assets, Being Depreciated</i>	<u>171,753,253</u>	<u>15,439,753</u>	<u>(2,163,974)</u>	<u>185,029,032</u>
<i>Total Capital Assets, Governmental Activities</i>	<u>209,003,238</u>	<u>27,036,412</u>	<u>(13,969,523)</u>	<u>222,070,127</u>
Less Accumulated Depreciation:				
Buildings	(24,671,989)	(2,367,635)	27,763	(27,011,861)
Machinery and Equipment	(7,712,618)	(922,200)	200,149	(8,434,669)
Vehicles	(5,342,748)	(674,209)	344,631	(5,672,326)
Infrastructure				
Bridges	(7,793,439)	(531,502)	14,245	(8,310,696)
Fords	(336,464)	(45,213)	0	(381,677)
Dams	(85,000)	0	0	(85,000)
Roads	(4,276,138)	(518,285)	773,128	(4,021,295)
All Purpose Trails	(5,545,558)	(799,839)	573,623	(5,771,774)
Golf Course Cart Paths	(340,026)	(35,609)	7,986	(367,649)
Other Paved Areas	(1,075,704)	(140,109)	53,110	(1,162,703)
<i>Total Accumulated Depreciation</i>	<u>(57,179,684)</u>	<u>(6,034,601) *</u>	<u>1,994,635</u>	<u>(61,219,650)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>114,573,569</u>	<u>9,405,152</u>	<u>(169,339)</u>	<u>123,809,382</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$151,823,554</u>	<u>\$21,001,811</u>	<u>(\$11,974,888)</u>	<u>\$160,850,477</u>

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2006 and 2005*

A summary of changes in capital assets during 2005 follows:

	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$27,402,390	\$2,931,957	\$0	\$30,334,347
Construction in Progress	11,013,726	4,676,482	(8,774,570)	6,915,638
<i>Total Capital Assets, Not Being Depreciated</i>	<u>38,416,116</u>	<u>7,608,439</u>	<u>(8,774,570)</u>	<u>37,249,985</u>
Capital Assets, Being Depreciated				
Buildings	83,999,226	11,508,623	0	95,507,849
Machinery and Equipment	12,236,943	1,583,849	(716,688)	13,104,104
Vehicles	7,794,649	729,469	(398,471)	8,125,647
Infrastructure				
Bridges	19,127,528	2,790,769	(93,124)	21,825,173
Fords	1,809,757	6,000	0	1,815,757
Dams	85,000	0	0	85,000
Roads	11,452,076	351,349	(664,599)	11,138,826
All Purpose Trails	15,999,488	1,652,871	(1,076,911)	16,575,448
Golf Course Cart Paths	694,693	46,081	(20,610)	720,164
Other Paved Areas	3,134,356	0	(279,071)	2,855,285
<i>Total Capital Assets, Being Depreciated</i>	<u>156,333,716</u>	<u>18,669,011</u>	<u>(3,249,474)</u>	<u>171,753,253</u>
<i>Total Capital Assets, Governmental Activities</i>	<u>194,749,832</u>	<u>26,277,450</u>	<u>(12,024,044)</u>	<u>209,003,238</u>
Less Accumulated Depreciation:				
Buildings	(22,590,808)	(2,081,181)	0	(24,671,989)
Machinery and Equipment	(7,448,280)	(881,866)	617,528	(7,712,618)
Vehicles	(5,014,740)	(690,993)	362,985	(5,342,748)
Infrastructure				
Bridges	(6,485,759)	(1,307,680)	0	(7,793,439)
Fords	(285,250)	(51,214)	0	(336,464)
Dams	(85,000)	0	0	(85,000)
Roads	(4,401,362)	(539,374)	664,598	(4,276,138)
All Purpose Trails	(5,876,341)	(746,129)	1,076,912	(5,545,558)
Golf Course Cart Paths	(326,932)	(33,704)	20,610	(340,026)
Other Paved Areas	(1,212,011)	(142,764)	279,071	(1,075,704)
<i>Total Accumulated Depreciation</i>	<u>(53,726,483)</u>	<u>(6,474,905) *</u>	<u>3,021,704</u>	<u>(57,179,684)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>102,607,233</u>	<u>12,194,106</u>	<u>(227,770)</u>	<u>114,573,569</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$141,023,349</u>	<u>\$19,802,545</u>	<u>(\$9,002,340)</u>	<u>\$151,823,554</u>

*Depreciation expense for 2006 and 2005 was charged to governmental functions as follows:

	2006	2005
Park Operations	\$3,420,958	\$4,184,729
Zoo Operations	1,887,820	1,569,273
Golf Course	375,383	373,084
Rangers	203,525	201,115
Administration	146,915	146,704
Total	<u>\$6,034,601</u>	<u>\$6,474,905</u>

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2006 and 2005*

Note 11 - Defined Benefit Pension Plan

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 the retirement system 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 stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The District's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the District's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$2,802,211, \$2,890,799 and \$2,820,277 respectively; 98.7 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$79,256 made by the District and \$52,066 made by the plan members. In 2005, contributions to the member-directed plan were \$64,398 made by the District and \$40,398 made by the plan members.

Note 12 - 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

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Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions which were used to fund postemployment benefits were \$1,393,365 in 2006 and \$1,210,806 in 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 13 - Long Term Obligations

Changes in the long-term obligations of the District during 2006 and 2005 were as follows:

2006

	<u>Oustanding January 1</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Oustanding December 31</u>	<u>Amount Due in One Year</u>
Compensated Absences	<u>\$4,940,615</u>	<u>\$248,711</u>	<u>(\$134,188)</u>	<u>\$5,055,138</u>	<u>\$657,155</u>

2005

	<u>Oustanding January 1</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Oustanding December 31</u>	<u>Amount Due in One Year</u>
Compensated Absences	<u>\$4,901,376</u>	<u>\$273,863</u>	<u>(\$234,624)</u>	<u>\$4,940,615</u>	<u>\$395,679</u>

Compensated absences will be paid from the general fund.

Note 14 - Compensated Absences

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements. Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be accumulated for up to three years. Sick leave accrual is continuous, without limit.

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Upon retirement, termination, or death, employees with ten or more years of service with the District will be paid for one fourth of their accumulated hours of sick leave. Upon retirement, termination, or death, an employee will be paid for unused vacation up to the three year limit.

Holiday time may be accumulated for rangers and compensatory time earned must be taken by the end of the subsequent calendar year.

Note 15 – Cleveland Zoological Society (Zoo Society)

A. Summary of Significant Accounting Policies

Nature of Activities The Cleveland Zoological Society (the “Zoo Society”) is a nonprofit organization established to promote the conservation and propagation of wildlife – particularly endangered species – primarily through the support of the Cleveland Metroparks Zoo (the “Zoo”) which is owned and operated by the Cleveland Metropolitan Park District (the “District”). The Zoo Society will engage the community in support of the Zoo and in its mission “to improve the future for wildlife” and will marshal the resources necessary to ensure that the Zoo remains one of the region’s preeminent destinations and ultimately one of the top five zoos in the country.

Basis of Presentation The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Zoo Society and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions. These include both undesignated and board-designated net assets.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Zoo Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained by the Zoo Society in perpetuity. Generally, the donors of these assets permit the Zoo Society to use all or part of the income earned on any related investments for general or specific purposes.

Functional Allocation of Expenses The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2006 and 2005

Cash Equivalents For purposes of the statements of cash flows, the Zoo Society considers unrestricted or short-term temporarily restricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Board-designated cash and cash equivalents are not considered cash and cash equivalents for purposes of the statements of cash flows. Applicable amounts have been classified as investments on the statements of financial position.

Contributions and Pledges Receivable Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional pledges receivable are recognized as revenues in the period the promise is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. The pledges are stated at their estimated realizable value. Pledges that are to be received over a period of years are discounted to their present value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized into contribution revenue over the term of the respective pledge agreement.

During 2005, the Zoo Society reevaluated its accounting treatment for contributions raised on behalf of the Zoo. It was determined that the Zoo Society and the Zoo are financially interrelated entities under the guidance found in Statement of Financial Accounting Standards, No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. As such, contributions raised by the Zoo Society on behalf of the Zoo are reported as temporarily restricted contribution revenues and the amounts to be remitted to the Zoo are recorded as expense under the caption of "Cleveland Metropolitan Park District" in the accompanying statements of activities.

Investments Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in investment income in the statements of activities.

Property and Equipment Property and equipment are depreciated utilizing the straight-line method over their estimated useful lives ranging from three to seven years. The Zoo Society capitalizes purchases or donations of property and equipment that exceed \$500. Purchased property and equipment are stated at cost.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Split-Interest Agreements The Zoo Society receives gift annuities where donors contribute assets in exchange for the right to receive an annual return during their lifetimes. Upon receipt of a gift annuity, the Zoo Society records the fair value of the assets received and records a liability for the estimated present value of future cash outflows to the annuitant, determined on an actuarial basis, as a "liability under split-interest agreements" in the accompanying statements of financial position. The difference between the fair value of the assets received and the estimated liability is recorded as unrestricted, temporarily restricted, or permanently restricted contribution revenue in accordance with the donor's intent in the accompanying statements of activities.

The Zoo Society has beneficial interests in charitable remainder trusts. Assets received under such agreements are recorded at their fair value as "charitable remainder trust" in the accompanying statements of financial position. A liability for the present value of anticipated future cash outflows to the annuitant,

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2006 and 2005

determined on an actuarial basis, are recorded as “liability under split-interest agreements” in the accompanying statements of financial position. The difference between the fair value of the assets received and the estimated liability is recorded as either temporarily restricted or permanently restricted contribution revenue in the accompanying statements of activities dependent upon the donor’s intent.

The Zoo Society also has beneficial interests in perpetual trusts. The Zoo Society records its share of the fair market value of such trusts as long-term assets and permanently restricted contribution revenue at the date it is notified of its interest in such trusts. As the Zoo Society receives distributions from these trusts, it records the distributions as interest income. The interest income is classified as either unrestricted or temporarily restricted in accordance with the terms of the trust agreement. Changes in the fair value of the Zoo Society’s interest in the perpetual trusts are recorded as permanently restricted gains/losses in the accompanying statements of activities under the caption “change in value of beneficial interest in perpetual trusts”.

In-Kind Contributions In-kind contributions are reflected as revenues at their estimated fair value at the date of donation. The Zoo Society reports gifts of media support, food for special events, and other non-monetary contributions as unrestricted revenue and expense in the accompanying statements of activities unless accompanied by explicit donor-imposed restrictions, in which case, the contributions would be recorded as either temporarily or permanently restricted revenues in accordance with the donor restrictions.

Contributed Services The Zoo Society recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Income Taxes The Zoo Society is tax exempt, under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) of 1986. No provision for Federal income taxes has been reported in its financial statements. In addition, the Zoo Society has been classified as an organization that is not a “private foundation” within the meaning of Section 509(a) of the IRC.

Concentrations of Credit Risk Financial instruments which potentially subject the Zoo Society to concentrations of credit risk consist of cash and temporary investments, investment securities, and pledges receivable.

The Zoo Society has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Trustees. The investment advisors are required to manage the Zoo Society’s investments in accordance to its investment policy. The investment policy contains investment criteria that the Zoo Society believes should reduce, to an extent, the potential for significant concentrations of credit risk. Though the market value of investments is subject to fluctuations on a year to year basis, the Trustees believe that the investment policy is prudent for the long-term welfare of the Zoo Society.

Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the foundations, corporations and individuals who comprise the contributor base.

At various times during the years ended December 31, 2006 and 2005, the Zoo Society’s cash in bank balances exceeded the federally insured limits. The Zoo Society places its cash and temporary investments with creditworthy, high quality financial institutions.

Reclassification Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements, including

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

the reclassification of “Cleveland Metropolitan Park District” expenses, discussed in Note 15 H, to program services in the accompanying statements of activities. Such reclassification was deemed a more appropriate reflection of the efforts of the Zoo Society in raising dollars to benefit the District’s Zoo. The Zoo Society considers the support to be a significant portion of the Zoo Society’s mission and exempt purpose.

Advertising Advertising costs are expensed when incurred and included in program and supporting expenses. Total advertising cost expensed was \$64,839 and \$27,748 in 2006 and 2005, respectively.

B. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Unrestricted - available for operating expenses	\$1,954,384	\$2,012,801
Restricted for African Elephant Crossing	551,608	0
Donor restricted for short-term purposes	499,069	610,445
	<u>\$3,005,061</u>	<u>\$2,623,246</u>

C. Pledges Receivable

During 2005, The Zoo Society approved a fundraising campaign in the amount of \$12.5 million to support the Zoo’s major capital improvement (African Elephant Crossing), as well as non-capital initiatives related to the project (e.g., programming for education, conservation and research; fundraising expenses incurred related to the campaign and related initiatives; marketing sponsorships for dedicating and opening the new facility and raising awareness of the Zoo and the Zoo Society). The Zoo Society’s commitment to the Zoo is contingent upon the ability to raise such funding from the proceeds of the capital campaign and on the Zoo approving the project. During 2005, the Zoo approved funding for the design phase of the project.

In late fiscal 2006, the Zoo Society received a conditional promise to give from a donor whose goal is to help the Zoo Society raise \$750,000. The promise is conditioned upon the Zoo Society raising new gifts, in individual amounts of \$25,000 or greater, for which, the donor will match one-half of such amounts raised up to a maximum match of \$250,000. As of the end of fiscal 2006, no new gifts had qualified for this match and thus no amounts have been recognized relating to the conditional promise.

During 2004, an anonymous donor has pledged an intent to grow a donor-advised fund up to \$1.5 million. The investment income from the fund will be used to create a world-class international veterinary program for the Sarah Allison Steffee Center for Zoological Medicine at the Zoo. Donor-advised funds allow donors to suggest the purpose for which a gift will be used, but are not binding. As such, contribution revenue is recorded as the Zoo Society receives notification that a distribution has been approved by the fund. To date, no monies have been received from the fund.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

Pledges receivable, net of applicable discounts to net present value and allowance for uncollectible pledges receivable, are comprised of the following at December 31:

	<u>2006</u>	<u>2005</u>
Unrestricted - available for operating expenses	\$53,190	\$206,770
Restricted for African Elephant Crossing	2,650,169	85,005
Other temporary restricted	90,000	35,000
	<u>\$2,793,359</u>	<u>\$326,775</u>

Pledges were discounted to their present value assuming their respective terms and a discount rate of 4.85% and 7.25%, respectively at December 31, 2006 and 2005. The pledges receivable are scheduled to be collected as follows:

	<u>2006</u>	<u>2005</u>
Payable within one year	\$1,359,661	\$283,808
Payable in two years	819,570	18,250
Payable in three years	452,922	18,250
Payable in four years	403,183	17,000
Payable in five years	5,813	0
	3,041,149	337,308
Less discounts to net present value	(147,790)	(4,495)
Less allowance for uncollectible pledges receivable	(100,000)	(6,038)
Net pledges receivable	<u>\$2,793,359</u>	<u>\$326,775</u>

D. Marketable Securities

Investments are stated at fair value at December 31, 2006 and 2005 and are summarized as follows:

2006			
	<u>Cost</u>	<u>Market</u>	<u>Unrealized appreciation (depreciation)</u>
Cash and cash equivalents	\$113,570	\$113,570	\$0
Treasury notes	481,134	487,235	6,101
Mutual funds	1,264,014	1,263,384	(630)
Stock and stock funds	3,243,047	3,835,584	592,537
	<u>\$5,101,765</u>	<u>\$5,699,773</u>	<u>\$598,008</u>
2005			
	<u>Cost</u>	<u>Market</u>	<u>Unrealized appreciation (depreciation)</u>
Cash and cash equivalents	\$216,025	\$216,025	\$0
Corporate Bonds	99,438	100,188	750
Treasury Notes	1,002,981	985,417	(17,564)
Stock and stock funds	2,788,422	3,297,228	508,806
	<u>\$4,106,866</u>	<u>\$4,598,858</u>	<u>\$491,992</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

Included in marketable securities at December 31, 2006 and 2005 was \$4,097,118 and \$3,786,184, respectively, of board-designated net assets.

The following schedule summarizes investment return for the years ended December 31:

	2006		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$236,845	\$0	\$236,845
Net realized and unrealized gains (losses)	411,795	6,605	418,400
	<u>\$648,640</u>	<u>\$6,605</u>	<u>\$655,245</u>

	2005		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$197,087	\$0	\$197,087
Net realized and unrealized gains (losses)	165,672	(4,169)	161,503
	<u>\$362,759</u>	<u>(\$4,169)</u>	<u>\$358,590</u>

E. Split-Interest Agreements

The Zoo Society administers a charitable remainder trust which provides for the payment of distributions to the grantors over the trust's term which is the grantors' lifetime. Distributions to the grantors were to be at the lesser of (a) the actual trust income or (b) eight percent (8%) of the net fair market value of the trust assets. The agreement was amended to require the Zoo Society to pay the grantors the greater of (a) 8% of \$162,500 or (b) 8% of the total fair market value of the trust assets at the beginning of the year. Net assets of the trust are classified as temporarily restricted. At the end of the trust's term, the remaining assets are available for the unrestricted use of the Zoo Society. On December 26, 2006, the remaining grantor passed away. The investments will remain in the trust until final distribution to the Society, which is expected to occur in 2007. The prorated final distribution for 2006 was paid in early 2007 and is reflected within the liability under split-interest agreements in the accompanying statements of financial position. Investments, primarily mutual funds, held in the charitable remainder trust aggregated \$164,064 and \$165,070 at December 31, 2006 and 2005, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$1,915 and \$60,033 at December 31, 2006 and 2005, respectively, related to this agreement.

The Zoo Society administers various charitable gift annuities. Under these agreements, the Zoo Society remits fixed payments to the donor on a quarterly basis. Interest rates range from 5% to 8.9%. Using applicable mortality tables, quarterly payments are estimated to extend through 2034. Investments, primarily mutual funds, held in charitable gift annuities aggregated \$91,596 and \$90,923 at December 31, 2006 and 2005, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$64,727 and \$68,351 at December 31, 2006 and 2005, respectively, related to these agreements.

Beneficial interest in perpetual trusts include two separate trust funds that have been instructed to provide the Zoo Society with the unrestricted use of the Zoo Society's respective portion of the trusts' income in accordance with the trusts' documents. The Zoo Society has an irrevocable right to receive the income from the trusts' assets in perpetuity. The Zoo Society's share of the trusts' assets, which had a market value on December 31, 2006 and 2005 of \$595,081 and \$516,360, respectively, are included in the

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

accompanying statements of financial position. The trusts' investments are managed by external trustees designated by the donors. As such, the Zoo Society does not control the allocation of the trusts' investments.

F. Unrestricted Net Assets

Cleveland Zoological Society unrestricted net assets at December 31:

	<u>2006</u>	<u>2005</u>
Board Designated	\$4,050,118	\$3,739,184
Undesignated	<u>2,836,636</u>	<u>2,552,014</u>
	<u>\$6,886,754</u>	<u>\$6,291,198</u>

Board designated net assets have been classified as such for the possible funding of future endeavor and projects by the Zoo Society and are invested in both intermediate and long-term products.

G. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2006</u>	<u>2005</u>
Education and conservation grants	\$355,156	\$427,067
Marketing sponsorships	170,256	157,064
Charitable remainder trust	162,149	105,037
Neotropical	64,260	61,315
	<u>\$751,821</u>	<u>\$750,483</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenditures satisfying the purpose restrictions specified by donors as follows during the years ended December 31:

	<u>2006</u>	<u>2005</u>
Sponsorship and education grants	553,660	529,152
Animal purchase	0	4,157
Neotropical research	57,055	70,120
Capital campaign	3,260,979	129,844
Other	290,855	23,606
	<u>\$4,162,549</u>	<u>\$756,879</u>

Permanently restricted net assets aggregating \$642,081 and \$563,360 at December 31, 2006 and 2005, respectively, consist of endowment fund assets to be held in perpetuity.

H. Cleveland Metropolitan Park District

The Zoo Society has historically provided support to the Cleveland Metropolitan Park District for a variety of Zoo programs and functions. Support is summarized below for the years ended December 31:

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Metroparks agreement	\$1,614,029	\$1,561,985
Education expenditures	247,385	335,764
Conservation expenditures	243,691	206,140
In-kind distributions	0	0
Boo at the Zoo	26,834	30,684
Levy support and lobbying	36,201	24,800
Senior Day	6,923	9,194
Zoo Lights	0	1,652
Other miscellaneous Zoo functions	120,267	80,023
Neotropical research	57,055	70,120
Capital Campaign	3,260,979	129,844
	<u>\$5,613,364</u>	<u>\$2,450,206</u>

In September 1997, the Zoo Society entered into an agreement with the District, with an initial term of seven years, which requires the Zoo Society to remit to the District a specific percentage equivalent to its aggregate annual membership contributions for membership categories where the dues are \$125 or less. This percentage began at 55% in 1998 and progressively increased to a maximum level of 70% for 2002 and thereafter. The agreement has an ongoing annual renewal clause that grants the parties the ability to request renegotiation or cancellation. In the absence of specific action on behalf of either party, the agreement automatically renews for another year. Under this agreement, the Zoo Society has recorded aggregate Zoo support of \$1,614,029 and \$1,561,985 for 2006 and 2005, respectively.

Included in "Amounts due to Cleveland Metropolitan Park District-Operating agreement" on the statements of financial position is \$566,167 and \$554,837 which is owed to the District under the above agreement at December 31, 2006 and 2005, respectively. In addition, included in "Amounts due to Cleveland Metropolitan Park District-Capital campaign" on the statements of financial position is \$3,304,448 (\$1,770,750 in Current liabilities and \$1,533,698 in Long-term liabilities) and \$83,469 (Current liability) which is owed to the District for the "African Elephant Crossing" campaign as described in Note 16 C at December 31, 2006 and 2005, respectively. At present, the current portion of the liability is equal to the projected amounts to be received through the collection of pledges in the next year. However, the Zoo Society and the District do not have a formal agreement as to the timing of when the payments will be made to the District..

As disclosed in Note 15 A under Reclassifications, during 2006, the Zoo Society reevaluated its financial statement presentation for the support it provides to the District. In the past, the support was shown separate from Program or Supporting Services. The Zoo Society considers the support to be a significant portion of their program expenses and mission. As such, these expenses are now shown under Program Services. The 2005 expenses were reclassified to conform with the presentation in the current year financial statements.

I. Allocation of Joint Cost

For the years ended December 31, 2006 and 2005, the Zoo Society incurred joint costs for information materials and activities that included fundraising appeals. The Zoo Society allocated these joint costs as follows:

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Fundraising	\$95,156	\$90,425
Program services	188,100	178,747
	<u>\$283,256</u>	<u>\$269,172</u>

J. In-Kind Contributions

For the years ended December 31, 2006 and 2005, \$82,966 and \$77,981 was included as unrestricted special events support and revenues and expenses on the statements of activities, respectively.

K. Defined Contribution Plan

Effective January 1, 1999, the Zoo Society adopted a 403(b) defined contribution plan (the "Plan"). The Plan covers all employees who work 1,000 hours or more during a calendar year. Each participant may elect to defer a portion of their annual compensation and the Zoo Society will make a matching contribution up to 3% of the participant's compensation. During 2006 and 2005, the amount of expense related to this plan was \$27,959 and \$28,782, respectively.

Effective January 1, 2005, the Zoo Society adopted a 457(b) executive deferred compensation plan (the "Executive Plan"). Participation in the plan is limited to those determined eligible by the Committee of Plan Trustees. Participants may elect annually to defer a portion of their compensation. The Committee may annually elect to provide employer contributions to the plan. Participants are immediately vested in their elected deferral amounts and vest in the employer contributions over a five-year service period or upon their death or permanent disability. During 2006 and 2005, the amount of expense related to this plan was \$10,000 and \$0-, respectively.

L. Related Party

At December 31, 2006 and 2005, \$745,008 and \$124,443 of pledges receivable and \$1,265,848 and \$611,539 of support and revenue, respectively, were from related parties.

The Zoo Society receives donated rent for its office facility from the Zoo. The amount of such rent cannot be reasonably estimated due to the unique nature of the space. Therefore, the amounts are not recorded on the statements of activities at December 31, 2006 or 2005.

The Cleveland Zoological Society (Zoo Society) is a discretely presented component unit in the Cleveland Metropolitan Park District's financial statements. This is in accordance with GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". Therefore, data from the component unit is included for the years ended December 31, 2006 and 2005.

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**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF HIGHWAY PLANNING AND CONSTRUCTION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant - Pedestrian Bridge	20440	20.205	\$517,799
Total U.S. Department of Highway Planning and Construction			<u>517,799</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)</u>			
<i>Direct Program:</i>			
Museums for America Grant	MA-01-05-0095-	45.301	15,102
Total Institute of Museum and Library Services			<u>15,102</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Direct Program:</i>			
Zoo Education Grant	N/A	84.215K	200,755
Total U.S. Department of Education			<u>200,755</u>
Total Federal Awards Expenditures			<u><u>\$733,656</u></u>

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

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



Mary Taylor, CPA

Auditor of State

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

Cleveland Metropolitan Park District
Cuyahoga County
4101 Fulton Parkway
Cleveland, Ohio 44144

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, (the District) as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 16, 2007. 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*. Other auditors audited the financial statements of the Cleveland Zoological Society, the discretely presented component unit, in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards and accordingly this report does not extend to the discretely presented component unit.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated August 16, 2007.

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Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

August 16, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Cleveland Metropolitan Park District
Cuyahoga County
4101 Fulton Parkway
Cleveland, Ohio 44144

To the Board of Park Commissioners:

Compliance

We have audited the compliance of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

August 16, 2007

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 20.205 – Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA 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
SEPTEMBER 25, 2007