



**METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 18, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

This Page is Intentionally Left Blank.

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
2005 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis December 31, 2005	10
Statement of Activities – Modified Cash Basis December 31, 2005	12
2005 Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2005	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balance – Governmental Funds December 31, 2005	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balance – Budget to Actual (Budget Basis) – General Fund December 31, 2005.....	16
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balance – Budget to Actual (Budget Basis) – Cardinal Fund December 31, 2005.....	17
Statement of Fund Net Assets - Modified Cash Basis – Enterprise Fund December 31, 2005	18
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Net Assets Modified Cash – Enterprise Fund December 31, 2005	19
2004 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis December 31, 2004	20
Statement of Activities – Modified Cash Basis December 31, 2004	21

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

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
2004 Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2004	22
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balance – Governmental Funds December 31, 2004	23
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balance – Budget to Actual (Budget Basis) – General Fund December 31, 2004.....	24
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	37
Schedule of Findings.....	39



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metropolitan Park District of the Toledo Area, Lucas County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities and business-type activities of the Metropolitan Park District of the Toledo Area, Lucas County, Ohio, as of December 31, 2005 and 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Cardinal Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Betty Montgomery
Auditor of State

December 20, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

The discussion and analysis of Metropolitan Park District of the Toledo Area's (the District) financial performance provides an over all review of the District's financial activities for the years ended December 31, 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2005 and 2004 are as follows:

- The main source of General Fund revenue is from a ten year, 1.4 mil; general operations levy passed November 4, 1997, to be collected in the years 1999 through 2008. The total of \$9,549,742 and \$9,442,364 was collected in 2005 and 2004 respectively. This represented 84.56% and 87.43% of total General Fund revenue for 2005 and 2004 respectively.
- The secondary source was from the State of Ohio Local Government allocation. The total distributed to the District in 2005 and 2004 was \$1,207,750 and \$1,211,258 respectively. This amount was 10.69% and 10.68% of General Fund revenue for 2005 and 2004 respectively.
- During 2004, an inter-fund advance was authorized from the General Fund to the Land Acquisition Fund in the amount of \$2,500,000. In 2005 this inter-fund advance was returned from the Land Acquisition Fund to the General Fund.
- In 2005, a general obligation note was issued. The proceeds were credited to the Land Acquisition Fund.
- In 2005, the District entered into a three-year contract with the Meyer-Hill-Lynch Corporation to provide computer network support that was previously provided by district staff.
- In 2005 the District established a Capital Improvements Fund to account for capital projects previously accounted for within the General Fund.
- In 2005, the Capital Improvements fund was the recipient of a Clean Ohio Grant in the amount of \$320,000 to be utilized towards the constructions of the pedestrian bridge at the Fallen Timbers Battle field, this amount was utilized towards the construction cost of \$631,760.
- The main source of Land Acquisition Fund revenue is from a ten year, .3 mil, levy passed November 5, 2002. The total of \$2,384,841 and \$2,356,224 was collected in 2005 and 2004 respectively. This represented 63.67% and 89.27% of fund total for 2005 and 2004 respectively.
- The Land fund was the recipient of \$1,014,424 in 2005 and \$243,289 in 2004 from the Clean Ohio Program to be utilized towards the acquisition of land.
- In 2005, the Retail Operations Fund was established to separately account for retail operations activity that was previously accounted for in the General Fund.

Using the Basic Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the District as a Whole

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

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

In the statement of net assets and the statement of activities, we divide the Government into two types of activities:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

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

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are all reported as governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General, Land Acquisition and Cardinal Funds for 2005 and the General and Land Acquisition Funds for 2004. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the District charges customers for merchandise it sells in its stores, these services are reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Government has one enterprise fund, the Retail Operations Fund, which was established in 2005.

Government-Wide Financial Analysis

The table below provides a summary of the District's net assets for 2005, 2004, and 2003:

(Table 1)
Net Assets

	Governmental Activities <u>2005</u>	Business Type Activities <u>2005</u>	Total <u>2005</u>	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
Assets					
Cash and Cash Equivalents	\$ 10,381,266	\$ 18,909	\$ 10,400,175	\$ 7,101,334	\$ 9,328,047
Total Assets	<u>10,381,266</u>	<u>18,909</u>	<u>10,400,175</u>	<u>7,101,334</u>	<u>9,328,047</u>
Net Assets					
Restricted for:					
Capital Projects	420,162		420,162		
Other Purposes	2,774,341	18,909	2,793,250	2,098,716	1,959,773
Unrestricted	<u>7,186,763</u>		<u>7,186,763</u>	<u>5,002,618</u>	<u>7,368,274</u>
Total Net Assets	<u>\$ 10,381,266</u>	<u>\$ 18,909</u>	<u>\$ 10,400,175</u>	<u>\$ 7,101,334</u>	<u>\$ 9,328,047</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Net Assets of governmental activities decreased \$2,226,713 or 23.9 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- Capital grant revenue decreased during the year due to the District not being eligible for grants that were received in prior years. Donation revenue also had a significant decrease during the year
- Expenditures increased due to many capital projects that District entered into during the year.

Net Assets of governmental activities increased \$3,279,932 or 46.2 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Capital grant revenue increased significantly during the year due to the District receiving a \$1,014,424 grant for the Clean Ohio Program. Donation revenue also had a large increase during the year.
- The District received the proceeds of the General Obligation Note that was issued in the amount of \$1,800,000.
- Expenditures decreased from prior year due to the bulk of the capital projects being completed in the prior year.

Table 2 reflects the changes in net assets for 2005, 2004, and 2003.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Business Type Activities 2005	Total 2005	Governmental Activities 2004	Governmental Activities 2003
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$420,327	\$214,760	\$635,087	\$664,188	\$468,926
Operating Grants and Contributions	22,500		22,500	5,000	7,890
Capital Grants and Contributions	2,302,327		2,302,327	456,225	1,286,296
Total Program Receipts	2,745,154	214,760	2,959,914	1,125,413	1,763,112
General Receipts:					
Property Taxes	10,672,131		10,672,131	10,544,852	10,470,267
Grants and Entitlements Not Restricted to Specific Programs	2,470,192		2,470,192	2,464,995	2,460,299
Interest	166,395		166,395	119,743	105,269
Proceeds from the Sale of Notes	1,800,000		1,800,000		
Miscellaneous	133,122		133,122	71,096	140,916
Total General Receipts	15,241,840		15,241,840	13,200,686	13,176,751
Total Receipts	17,986,994	214,760	18,201,754	14,326,099	14,939,863
Disbursements:					
Parks and Recreation	14,602,062		14,602,062	16,552,812	14,456,177
Retail Operations		300,851	300,851		
Total Disbursements	14,602,062	300,851	14,902,913	16,552,812	14,456,177
Change in Net Assets	3,384,932	(86,091)	3,298,841	(2,226,713)	483,686
Transfers	(105,000)	105,000			
Increase (Decrease) in Net Assets	3,279,932	18,909	3,298,841	(2,226,713)	483,686
Net Assets, January 1	7,101,334		7,101,334	9,328,047	8,844,361
Net Assets, December 31	\$10,381,266	\$18,909	\$10,400,175	\$7,101,334	\$9,328,047

Program receipts represent only 15.3 percent and 7.9 percent of total receipts for 2005 and 2004 respectively and are primarily comprised of restricted intergovernmental receipts and donations.

General receipts represent 84.7 percent and 92.1 percent of the District's total receipts for 2005 and 2004 respectively, and of this amount, over 70 percent for 2005 and 80 percent for 2004 are local taxes. State and federal grants and entitlements make up the balance of the District's general receipts (16.2 percent and 18.7 percent for 2005 and 2004 respectively). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Parks and Recreation represent the overhead costs of running the District and the support services provided for the other District activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

During 2004, capital grant revenue decreased during the year due to the District not being eligible for grants that were received in prior years. Donation revenue also had a significant decrease during the year. Expenditures increased due to many capital projects that District entered into during the year.

During 2005, capital grant revenue increased significantly during the year due to the District receiving a \$1,014,424 grant for the Clean Ohio Program. Donation revenue also had a large increase during the year. The District received the proceeds of the General Obligation Note that was issued in the amount of \$1,800,000. Expenditures decreased from prior year due to the bulk of the capital projects being completed in the prior year.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major service provided by the District. The next column identifies the costs of providing this service. The only program disbursement for governmental activities is for Parks and Recreation. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
Parks and Recreation	\$14,602,062	\$11,856,908	\$16,552,812	\$15,427,399	\$14,456,177	\$12,693,065

Business-Type Activities

Retail Operations Fund was established in 2005 to separately account for retail operations activity that was previously accounted for in the General Fund.

Capital Assets and Debt Administration

Capital Assets

The District does not include capital assets on its financial statements under the modified cash basis of accounting.

Debt

The District had the following debt at December 31, 2005.

General Obligation Note \$1,800,000 3.61% Issued December 14, 2005, Maturing December 14, 2006.

The holder of the note is National City Bank. The purpose of this note issuance was for the Acquisition of Land.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Lease Agreements

The District entered into a facility lease for the period of June 1, 2004, through May 1, 2005, with the Andersons Inc. Payments made totaled \$32,292 for 2005 and \$18,837 for 2004. The District has the option to renew the lease at the end of the contract period on a monthly basis. The District anticipated continuing this lease though the end of fiscal year 2006.

During 2005, the District has entered into a capital lease agreement with Ford Motor Credit for the lease purchase of eleven vehicles. The original cost of the assets under capital lease amounted to \$269,088. Payments made totaled \$89,696 for 2005.

The following is a schedule of the future minimum payments required under the leases as of December 31, 2005.

Fiscal Year Ending December 31,	Facility Lease	Vehicle Leases
2006	32,292	89,696
2007		89,696
Total minimum lease payments	<u>\$ 32,292</u>	<u>\$ 179,392</u>

Current Issues

The Metropolitan Park District of the Toledo Area acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare. The Park District receives the majority of its funding from property taxes, state and federal grants and charges for services (park fees). The District employs 82 full time, 50 part-time, and 45 seasonal / intern employees. The Board periodically reviews park fees to help offset the costs of park operations.

Contacting the District's Financial Management

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

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

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>	<u>Business- Type Activity</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 10,381,266	\$ 18,909	\$ 10,400,175
Total Assets	<u>10,381,266</u>	<u>18,909</u>	<u>10,400,175</u>
Net Assets:			
Restricted For:			
Capital Projects	420,162		420,162
Other Purposes	2,774,341		2,774,341
Unrestricted	7,186,763	18,909	7,205,672
Total Net Assets	<u>\$ 10,381,266</u>	<u>\$ 18,909</u>	<u>\$ 10,400,175</u>

See accompanying notes to the financial statements

This page intentionally left blank.

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

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

		Program Cash Receipts		
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Parks and Recreation	\$ 14,602,062	\$ 420,327	\$ 22,500	\$ 2,302,327
Total Governmental Activities	14,602,062	420,327	22,500	2,302,327
Business-Type Activity:				
Retail Operations	300,851	214,760		
Total Business-Type Activity	300,851	214,760		
Totals	\$ 14,902,913	\$ 635,087	\$ 22,500	\$ 2,302,327

General Receipts:

- Property Taxes
- Intergovernmental, Unrestricted
- Investment Earnings
- Proceeds from the Sale of General Obligation Notes
- Miscellaneous

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursement) Receipts
and Changes in Net Assets

Governmental Activities	Business- Type Activity	Total
\$ (11,856,908)		\$ (11,856,908)
(11,856,908)		(11,856,908)
	\$ (86,091)	(86,091)
	(86,091)	(86,091)
(11,856,908)	(86,091)	(11,942,999)
10,672,131		10,672,131
2,470,192		2,470,192
166,395		166,395
1,800,000		1,800,000
133,122		133,122
(105,000)	105,000	
15,136,840	105,000	15,241,840
3,279,932	18,909	3,298,841
7,101,334		7,101,334
\$ 10,381,266	\$ 18,909	\$ 10,400,175

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

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Cardinal</u>	<u>Land Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 7,186,763	\$ 1,083,953	\$ 370,678	\$ 1,739,872	\$ 10,381,266
Total Assets	<u>\$ 7,186,763</u>	<u>\$ 1,083,953</u>	<u>\$ 370,678</u>	<u>\$ 1,739,872</u>	<u>\$ 10,381,266</u>
Fund Balances:					
Reserved for Encumbrances	\$ 1,391,740	\$ 1,398	\$ 32,083	\$ 31,224	\$ 1,456,445
Undesignated, Unreserved in:					
General Fund	5,795,023				5,795,023
Special Revenue Funds		1,082,555	338,595	1,308,960	2,730,110
Capital Projects Fund				399,688	399,688
Total Fund Balances	<u>7,186,763</u>	<u>1,083,953</u>	<u>370,678</u>	<u>1,739,872</u>	<u>10,381,266</u>
Total Liabilities and Fund Balances	<u>\$ 7,186,763</u>	<u>\$ 1,083,953</u>	<u>\$ 370,678</u>	<u>\$ 1,739,872</u>	<u>\$ 10,381,266</u>

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Cardinal	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes	\$ 8,545,997		\$ 2,126,134		\$ 10,672,131
Intergovernmental Revenues	2,211,485		258,707		2,470,192
Grants	22,500		1,014,424	\$ 320,000	1,356,924
Fines and Forfeitures	14,032			2,023	16,055
Fees	256,785			92,751	349,536
Sales	4,958				4,958
Contract Services	49,778				49,778
Donations		\$ 622,454	343,968	1,481	967,903
Interest Income	102,978	21,193	2,513	39,711	166,395
All Other Revenue	6,005	2,255	99		8,359
Total Receipts	<u>11,214,518</u>	<u>645,902</u>	<u>3,745,845</u>	<u>455,966</u>	<u>16,062,231</u>
Disbursements:					
Current:					
Parks and Recreation	10,749,585	79,014	2,933,826	751,108	14,513,533
Total Disbursements	<u>10,749,585</u>	<u>79,014</u>	<u>2,933,826</u>	<u>751,108</u>	<u>14,513,533</u>
Excess (Deficiency) of Receipts Over/(Under) Disbursements	464,933	566,888	812,019	(295,142)	1,548,698
Other Financing Sources (Uses):					
Refunds and Reimbursements	79,483	1,687	13	43,580	124,763
Refunds of Deposits	(7,616)				(7,616)
Transfers In				747,655	747,655
Advances In	2,500,000				2,500,000
Transfers Out	(852,655)				(852,655)
Advances Out			(2,500,000)		(2,500,000)
Proceeds from the Sale of General Obligation Notes			1,800,000		1,800,000
Other Uses		(80,913)			(80,913)
Total Other Financing Sources (Uses)	<u>1,719,212</u>	<u>(79,226)</u>	<u>(699,987)</u>	<u>791,235</u>	<u>1,731,234</u>
Net Change in Fund Balance	2,184,145	487,662	112,032	496,093	3,279,932
Fund Balances at Beginning of Year	<u>5,002,618</u>	<u>596,291</u>	<u>258,646</u>	<u>1,243,779</u>	<u>7,101,334</u>
Fund Balances End of Year	<u>\$ 7,186,763</u>	<u>\$ 1,083,953</u>	<u>\$ 370,678</u>	<u>\$ 1,739,872</u>	<u>\$ 10,381,266</u>

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$ 9,245,000	\$ 9,245,000	\$ 8,545,997	\$ (699,003)
Intergovernmental Revenues	1,662,097	1,662,097	2,211,485	549,388
Grants	16,910	16,910	22,500	5,590
Fines and Forfeitures	10,546	10,546	14,032	3,486
Fees	192,993	192,993	256,785	63,792
Sales	3,726	3,726	4,958	1,232
Contract Services	37,412	37,412	49,778	12,366
Interest Income	77,396	77,396	102,978	25,582
All Other Revenue	4,513	4,513	6,005	1,492
Total Receipts	11,250,593	11,250,593	11,214,518	(36,075)
Disbursements:				
Current:				
Parks and Recreation	12,608,923	12,533,568	12,141,325	392,243
Total Disbursements	12,608,923	12,533,568	12,141,325	392,243
Excess of Disbursements Over Receipts	(1,358,330)	(1,282,975)	(926,807)	356,168
Other Financing Sources (Uses):				
Refunds and Reimbursements	79,500	79,500	79,483	(17)
Refunds of Deposits	(7,740)	(7,740)	(7,616)	124
Advances In			2,500,000	2,500,000
Transfers Out	(777,300)	(852,655)	(852,655)	
Total Other Financing Sources (Uses)	(705,540)	(780,895)	1,719,212	2,500,107
Net Change in Fund Balance	(2,063,870)	(2,063,870)	792,405	2,856,275
Fund Balances at Beginning of Year	3,587,456	3,587,456	3,587,456	
Prior Year Encumbrances	1,415,162	1,415,162	1,415,162	
Fund Balances End of Year	\$ 2,938,748	\$ 2,938,748	\$ 5,795,023	\$ 2,856,275

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CARDINAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Donations	\$ 167,465	\$ 167,465	\$ 622,454	\$ 454,989
Interest Income	5,702	5,702	21,193	15,491
All Other Revenue	607	607	2,255	1,648
Total Receipts	<u>173,774</u>	<u>173,774</u>	<u>645,902</u>	<u>472,128</u>
Disbursements:				
Current:				
Parks and Recreation	112,838	112,838	80,412	32,426
Total Disbursements	<u>112,838</u>	<u>112,838</u>	<u>80,412</u>	<u>32,426</u>
Excess of Receipts Over Disbursements	60,936	60,936	565,490	504,554
Other Financing Sources (Uses):				
Refunds and Reimbursements			1,687	1,687
Other Uses	(81,000)	(81,000)	(80,913)	87
Total Other Financing Sources (Uses)	<u>(81,000)</u>	<u>(81,000)</u>	<u>(79,226)</u>	<u>1,774</u>
Net Change in Fund Balance	(20,064)	(20,064)	486,264	506,328
Fund Balances at Beginning of Year	592,453	592,453	592,453	
Prior Year Encumbrances	3,838	3,838	3,838	
Fund Balances End of Year	<u>\$ 576,227</u>	<u>\$ 576,227</u>	<u>\$ 1,082,555</u>	<u>\$ 506,328</u>

See accompanying notes to the financial statements

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA
LUCAS COUNTY

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUND
DECEMBER 31, 2005

	<u>Retail Operations</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 18,909
	<u>18,909</u>
Net Assets:	
Unrestricted	\$ 18,909
	<u>18,909</u>

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH
DISBURSEMENTS AND CHANGES IN FUND NET
ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Retail Operations
Operating Receipts:	
Sales	\$ 214,760
Total Operating Receipts	214,760
Operating Disbursements:	
Personal Services	134,919
Contractual Services	8,924
Materials and Supplies	155,283
Capital Outlay	1,725
Total Operating Disbursements	300,851
Deficiency of Receipts under Disbursements	(86,091)
Transfers In	105,000
Change in Net Assets	18,909
Net Assets Beginning of Year	
Net Assets End of Year	\$ 18,909

See accompanying notes to the financial statements

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

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 7,101,334
Total Assets	<u>7,101,334</u>
Net Assets:	
Restricted For:	
Other Purposes	2,098,716
Unrestricted	5,002,618
Total Net Assets	<u>\$ 7,101,334</u>

See accompanying notes to the financial statements

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

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

		Program Cash Receipts			Net (Disbursement) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Parks and Recreation	\$ 16,552,812	\$ 664,188	\$ 5,000	\$ 456,225	\$ (15,427,399)
Total Governmental Activities	\$ 16,552,812	\$ 664,188	\$ 5,000	\$ 456,225	(15,427,399)
General Receipts					
Property Taxes					10,544,852
Intergovernmental, Unrestricted					2,464,995
Investment Earnings					119,743
Miscellaneous					71,096
Total General Receipts					13,200,686
Change in Net Assets					(2,226,713)
Net Assets Beginning of Year					9,328,047
Net Assets End of Year					\$ 7,101,334

See accompanying notes to the financial statements

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

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Land Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 5,002,618	\$ 258,646	\$ 1,840,070	\$ 7,101,334
Total Assets	<u>\$ 5,002,618</u>	<u>\$ 258,646</u>	<u>\$ 1,840,070</u>	<u>\$ 7,101,334</u>
 Fund Balances:				
Reserved for Encumbrances	\$ 1,415,162	\$ 97,321	\$ 8,313	\$ 1,520,796
Undesignated, Unreserved in:				
General Fund	3,587,456			3,587,456
Special Revenue Funds		161,325	1,831,757	1,993,082
Total Fund Balances	<u>5,002,618</u>	<u>258,646</u>	<u>1,840,070</u>	<u>7,101,334</u>
Total Liabilities and Fund Balances	<u>\$ 5,002,618</u>	<u>\$ 258,646</u>	<u>\$ 1,840,070</u>	<u>\$ 7,101,334</u>

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Receipts:				
Property Taxes	\$ 8,445,252	\$ 2,099,600		\$ 10,544,852
Intergovernmental Revenues	2,208,371	256,624		2,464,995
Grants	70,000	243,289		313,289
Fines and Forfeitures	6,632		\$ 1,948	8,580
Fees	268,098		103,266	371,364
Sales	139,186		1,103	140,289
Contract Services	54,556	36,006	53,393	143,955
Donations			147,936	147,936
Interest Income	96,263		23,480	119,743
All Other Revenue	2,992		12,154	15,146
Total Receipts	11,291,350	2,635,519	343,280	14,270,149
Disbursements:				
Current:				
Parks and Recreation	11,200,667	4,915,879	424,269	16,540,815
Total Disbursements	11,200,667	4,915,879	424,269	16,540,815
Excess (Deficiency) of Receipts Over/(Under) Disbursements	90,683	(2,280,360)	(80,989)	(2,270,666)
Other Financing Sources (Uses):				
Refunds and Reimbursements	50,030	4,023	532	54,585
Refunds of Deposits	(7,734)			(7,734)
Advances In		2,500,000		2,500,000
Advances Out	(2,500,000)			(2,500,000)
Other Sources	1,365			1,365
Other Uses			(4,263)	(4,263)
Total Other Financing Sources (Uses)	(2,456,339)	2,504,023	(3,731)	43,953
Net Change in Fund Balance	(2,365,656)	223,663	(84,720)	(2,226,713)
Fund Balances at Beginning of Year	7,368,274	34,983	1,924,790	9,328,047
Fund Balances End of Year	\$ 5,002,618	\$ 258,646	\$ 1,840,070	\$ 7,101,334

See accompanying notes to the financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$ 8,900,000	\$ 8,900,000	\$ 8,445,252	\$ (454,748)
Intergovernmental Revenues	1,760,972	1,760,972	2,208,371	447,399
Grants	55,819	55,819	70,000	14,181
Fines and Forfeitures	5,288	5,288	6,632	1,344
Fees	213,783	213,783	268,098	54,315
Sales	110,988	110,988	139,186	28,198
Contract Services	43,503	43,503	54,556	11,053
Interest Income	76,761	76,761	96,263	19,502
All Other Revenue	2,386	2,386	2,992	606
Total Receipts	<u>11,169,500</u>	<u>11,169,500</u>	<u>11,291,350</u>	<u>121,850</u>
Disbursements:				
Current:				
Parks and Recreation	12,856,762	12,856,762	12,615,829	240,933
Total Disbursements	<u>12,856,762</u>	<u>12,856,762</u>	<u>12,615,829</u>	<u>240,933</u>
Excess of Disbursements Over Receipts	(1,687,262)	(1,687,262)	(1,324,479)	362,783
Other Financing Sources (Uses):				
Refunds and Reimbursements	50,100	50,100	50,030	(70)
Refunds of Deposits	(15,000)	(15,000)	(7,734)	7,266
Advances Out			(2,500,000)	(2,500,000)
Other Sources	1,400	1,400	1,365	(35)
Total Other Financing Sources (Uses)	<u>36,500</u>	<u>36,500</u>	<u>(2,456,339)</u>	<u>(2,492,839)</u>
Net Change in Fund Balance	(1,650,762)	(1,650,762)	(3,780,818)	(2,130,056)
Fund Balances at Beginning of Year	5,952,752	5,952,752	5,952,752	
Prior Year Encumbrances	1,415,522	1,415,522	1,415,522	
Fund Balances End of Year	<u>\$ 5,717,512</u>	<u>\$ 5,717,512</u>	<u>\$ 3,587,456</u>	<u>\$ (2,130,056)</u>

See accompanying notes to the financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 1 – REPORTING ENTITY

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

A. Primary Government

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

The Board of Park Commissioners appoints a Treasurer as fiscal agent for the District and custodian of all funds.

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

B. Component Units

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 the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A. Basis of Presentation

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

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements show those activities of the District that are governmental and business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Government-Wide Financial Statements

The statement of net assets presents the cash balance of the governmental and business-type activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the District's general receipts.

Fund Financial Statements

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major governmental funds are the General Fund, the Land Acquisition Fund, and the Cardinal Fund.

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

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

Cardinal Fund - The Cardinal Fund receives donation restricted for specific programs or capital improvements.

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

Proprietary Funds

The District classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's major enterprise funds:

Retail Operations Fund - The retail operations fund was established during 2005 to account for the retail operations at the Wildwood Farmhouse and the Providence General Store.

C. Basis of Accounting

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 District may appropriate.

The appropriations ordinance is the District's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

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

The appropriations ordinance 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 ordinance 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 District during the year.

E. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the District's Treasurer, who acts as custodian for District monies. The District's assets are held in the District's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Individual fund integrity is maintained through District records. Interest in the pool is presented as "Cash and Cash Equivalents".

Following Ohio statutes and Board Policy, interest is credited initially to the general fund and reallocated to all eligible funds on a quarterly basis. Interest receipts credited in 2005 and 2004 was \$166,395 and \$119,743 respectively.

F. Capital Assets

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

G. Accumulated Leave

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants for specific purposes.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance Reserves

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

K. Interfund Transactions

Transfers between governmental and business type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2003, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005 and 2004, the District has implemented the modified cash basis of accounting described in note 2.C. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

NOTE 4 – COMPLIANCE

Prior certification of the Fiscal Officer was not obtained nor was a then and now certificate utilized for all the District's expenditures.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

The encumbrances outstanding at year end (budgetary basis) amounted to:

Fund	2005	2004
General	\$1,391,740	\$1,415,162
Cardinal	\$1,398	

NOTE 6 – DEPOSITS

Custodial credit risk 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 the possession of an outside party. At fiscal years ended 2005 and 2004, \$10,208,431 and \$7,021,799 of the District's bank balances of \$10,508,431 and \$7,321,799 respectively was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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.

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 88% of true value for taxable transmission and distribution property and 25% of true value for all other taxable property. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 23% of true value.

The assessed value upon which the 2005 taxes were collected was \$8,728,610. The full tax rate for District's general operations applied to real property for fiscal year ended December 31, 2005, was \$1.40 per \$1,000 of assessed valuation and .3 per \$1,000 for land acquisition.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 7 – PROPERTY TAXES – (CONTINUED)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due March 1. If paid semi-annually, the first payment is due March 1 and the remainder payable July 15. Under certain circumstances, State statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due May 10 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is

September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law.

The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business must file a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real estate and other taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of December 31 (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end.

NOTE 8 – RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

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

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The District's share of these unpaid claims is approximately \$268,740

B. Health Insurance

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

C. Workers Compensation

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 9 – DEFINED BENEFIT PENSION PLANS – (CONTINUED)

The employer contribution rate for pension benefits for 2005 and 2004 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, was \$803,425, \$812,118, and \$931,015, respectively. The full amount has been contributed for 2005, 2004, and 2003.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll (16.7 percent for law enforcement and public safety); 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$13,924. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 11 – LEASES

The District entered into a facility lease for the period of June 1, 2004, through May 1, 2005, with the Andersons Inc. Payments made totaled \$32,292 for 2005 and \$18,837 for 2004. The District has the option to renew the lease at the contract period on a monthly basis. The District anticipated continuing this lease through the end of fiscal year 2006.

During 2005, the District has entered into a capital lease agreement with Ford Motor Credit for the lease purchase of eleven vehicles. The original cost of the assets under capital lease amounted to \$269,088. Payments made totaled \$89,696 for 2005.

The following is a schedule of the future minimum payments required under the leases as of December 31, 2005.

Fiscal Year Ending December 31,	Facility Lease	Vehicle Leases
2006	32,292	89,696
2007		89,696
Total minimum lease payments	<u>\$ 32,292</u>	<u>\$ 179,392</u>

NOTE 12 – DEBT

The District issued a General Obligation Note in the amount \$1,800,000, at an interest rate of 3.61%, with National City Bank on December 14, 2005, maturing December 14, 2006. The note was issued for the acquisition of land.

NOTE 13 – CONTINGENT LIABILITIES

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

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park District of the Toledo Area, Lucas county, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements and have issued our report dated December 20, 2006, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2005-001.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Metropolitan Park District of the Toledo Area
Lucas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

December 20, 2006

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- A. "Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

- B. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- C. Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2005-001
(Continued)**

Prior Certification was not obtained, nor was a then and now certificate utilized for any of the transactions tested. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

This condition could result in the District's funds being over expended or exceeding budgetary spending limitations as set by the District.

We recommend the District certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Also the District's board should pass a resolution or policy stating a set dollar amount for blanket purchase orders.

Officials' Response

The financial system software that the district has been utilizing since January 1, 1998, which has been in compliance as a result of three different audits, has an alert system functionality that addresses this timing issue.

Specifically this system alerts the accounts payable clerk while processing a voucher if the invoice date is after the purchase order date. Only the clerk or other staff within the Finance Division can override this alert and permit a payment to be processed. In itself, this alert and override functionality is issuance of a "then and now certificate" that fully complies with an opinion as provided in the code. In the future we will track and review all overrides.

Auditor of State's Conclusion

The issue identified within the citation addresses a procedural matter which is governed by the Ohio Revised Code. Although the system implemented by Management is an excellent control procedure it does not take the place of the requirement for a fiscal officer certification or appropriate exception "then and now certificate" prior to a contract being incurred nor give any order involving the expenditure of money. Concluding, tracking and reviewing will not satisfy the requirement. The fiscal officer must maintain a list of exceptions generated by the accounting system, then subsequently seek the approval of the Board of Trustees within 30 days. This would fulfill the "then and now" aspect of the compliance requirement.



Mary Taylor, CPA
Auditor of State

METROPOLITAN PARK DISTRICT OF THE TOLEDO AREA

LUCAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2007**