



Mary Taylor, CPA
Auditor of State

Cleveland Metropolitan Park District
General Purpose Financial Statements
For the Years Ended December 31, 2007 and 2006
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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, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the District), as of and for the years ended December 31, 2007 and December 31, 2006, 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 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. 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 that our audit and the report of 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, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, as of December 31, 2007 and December 31, 2006, 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.

As discussed in Note 3 to the basic financial statements, the District changed its method of reporting contractor deposits.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2008, 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 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.

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 28, 2008

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2007 and 2006

(With Comparative Amounts for 2005)

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, 2007, 2006 and 2005. 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 2007 are as follows:

- In total, Net Assets increased \$16,716,870 or 8.7 percent from 2006. This is primarily attributable to a \$7,311,939 increase in Current and Other Assets and Nondepreciable Capital Assets increasing \$7,941,645. Current assets increased 8.1 percent due to increasing cash balances related to the third year of a ten year 1.8 mill property tax levy. Nondepreciable Capital Assets increased 21.4 percent as a result of an increase in Land of \$4,207,178 and Construction in Progress of \$3,734,467. 2007 experienced land acquisitions amounting to nearly 180 acres including \$1.3 million received through donations. Several additional large capital projects began in 2007, accounting for the increase in Construction in Progress, including the major design and/or construction for the African Elephant Crossing exhibit, the Lake-to-Lake trail and West Creek Reservation.
- Total Liabilities decreased \$1,308,671 or 2.2 percent from 2006. Deferred Revenue, primarily deferred property tax revenue, contributed to the reduction by decreasing \$2,283,916.
- The District had \$65,882,555 in 2007 program expenses. These expenses were offset by program specific charges for services and operating and capital grants in the amount of \$18,109,892, along with \$64,489,533 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 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.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2007 and 2006

(With Comparative Amounts for 2005)

Unaudited

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.

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 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 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, 2007 and 2006
(With Comparative Amounts for 2005)
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 2007 compared to 2006 and 2005.

Table 1
Net Assets

	2007	2006	2005
Assets			
Current and Other Assets	\$97,868,496	\$90,556,557	\$83,102,156
Nondepreciable Capital Assets	44,982,740	37,041,095	37,249,985
Depreciable Capital Assets	123,963,997	123,809,382	114,573,569
<i>Total Assets</i>	<u>266,815,233</u>	<u>251,407,034</u>	<u>234,925,710</u>
Liabilities			
Current and Other Liabilities	52,121,426	53,555,779	54,026,246
Long-Term Liabilities:			
Due Within One Year	954,568	794,121	971,292
Due in More than One Year	5,212,835	5,247,600	5,000,066
<i>Total Liabilities</i>	<u>58,288,829</u>	<u>59,597,500</u>	<u>59,997,604</u>
Net Assets			
Invested in Capital Assets	168,946,737	160,850,477	151,823,554
Unrestricted	39,579,667	30,959,057	23,104,552
<i>Net Assets</i>	<u>\$208,526,404</u>	<u>\$191,809,534</u>	<u>\$174,928,106</u>

The \$16,716,870 increase in 2007 net assets is due to the increase in total assets of \$15,408,199 and a reduction in total liabilities of \$1,308,671 (see Table 1). On the Statement of Net Assets cash and cash equivalents and investments increased by \$5,203,074 due to the third year of the District's property tax levy, Due from Zoological Society increased \$3,876,187 due to the African Elephant Crossing capital campaign and Nondepreciable Capital Assets increased \$7,941,645 due to significant increases in Land and Construction in Progress for 2007.

Liabilities in 2007 decreased \$1,308,671 due to deferred revenue decreasing \$2,283,916 as a result of deferred property tax revenue.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
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(With Comparative Amounts for 2005)
Unaudited

Table 2 shows the changes in net assets for the years ended December 31, 2007, 2006 and 2005.

Table 2
Changes in Net Assets

	2007	2006	2005
Revenues			
Program Revenues			
Charges for Services	\$14,724,099	\$13,536,983	\$12,866,442
Operating Grants and Contributions	1,042,595	1,226,400	919,547
Capital Grants and Contributions	2,343,198	1,836,952	1,866,146
Total Program Revenues	<u>18,109,892</u>	<u>16,600,335</u>	<u>15,652,135</u>
General Revenues			
Property Taxes	50,191,485	51,259,725	51,992,912
Grants and Entitlements	12,383,258	9,884,802	12,446,425
Investment Earnings	1,673,646	1,299,475	616,503
Miscellaneous	241,144	267,290	1,139,131
Total General Revenues	<u>64,489,533</u>	<u>62,711,292</u>	<u>66,194,971</u>
<i>Total Revenues</i>	<u>82,599,425</u>	<u>79,311,627</u>	<u>81,847,106</u>
Program Expenses			
Park Operations	22,243,566	20,540,936	20,576,639
Zoo Operations	19,642,729	19,311,346	16,222,081
Golf Course	6,669,339	6,304,977	5,896,041
Ranger Department	7,109,441	7,075,520	6,570,372
Administration	10,217,480	9,197,420	10,097,954
<i>Total Program Expenses</i>	<u>65,882,555</u>	<u>62,430,199</u>	<u>59,363,087</u>
<i>Change in Net Assets</i>	16,716,870	16,881,428	22,484,019
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>191,809,534</u>	<u>174,928,106</u>	<u>152,444,087</u>
<i>Net Assets End of Year</i>	<u>\$208,526,404</u>	<u>\$191,809,534</u>	<u>\$174,928,106</u>

Several revenue sources fund our District. Property tax is the biggest contributor and accounted for 60.8 percent of total revenue in 2007, compared to 64.6 in 2006 and 63.5 in 2005. 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 2007, Charges for Services increased \$1,187,116 due to significant increases in Zoo and Golf receipts. 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 2007 accounted for \$14,724,099, which is 17.8 percent of total revenue, compared to \$13,536,983 or 17.1 percent of total revenue in 2006 and \$12,866,442 or 15.8 percent of gross revenue in 2005.

The expense of park operations, including outdoor education, represented 33.8 percent of our total program expenses during 2007, compared to 32.9 percent in 2006 and 34.7 percent in 2005. Maintenance of the sixteen park reservations, including the newest Washington Park Reservation and West Creek Reservation, represents a significant part of this expense and includes all connecting roads and trails.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2007 and 2006

(With Comparative Amounts for 2005)

Unaudited

In 2007, zoo operation expenses amounted to \$19,642,729 of the total program expenses or 29.8 percent of program expenses, compared to \$19,311,346 or 30.9 percent in 2006 and \$16,222,081 or 27.3 percent in 2005. The increase in 2007 operating expenses is primarily due to the "Touch Amazing Rays and Sharks" and "Dinosaurs!" seasonal attractions.

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 \$6,669,339 of the total program expenses of the District, or 10.1 percent, in 2007, compared to \$6,304,977 or 10.1 percent in 2006 and \$5,896,041 or 9.9 percent in 2005.

The ranger department continues to monitor and provide safety for District visitors and facilities. The ranger department accounts for \$7,109,441 of the total program expense or 10.8 percent of the total in 2007, compared to \$7,075,520 or 11.3 percent in 2006 and \$6,570,372 or 11.1 percent in 2005.

The District's Fund

Information about the District's governmental fund begins on page 14. This fund is accounted for using the modified accrual basis of accounting. The District had governmental revenues of \$82,230,417, and expenditures of \$73,853,133. Revenue increases are primarily attributable to increases in property taxes, intergovernmental revenue, zoo revenue and golf course revenue. Expenditures increased by \$2,466,374 due primarily to general operating expenditure increases as compared with 2006.

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 2007 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 \$78,360,403; final budget amount was \$78,801,272 and the actual revenue was \$78,229,694. The major factors contributing to the increase of final budgeted revenues over original budgeted revenues were increased intergovernmental revenues and miscellaneous receipts. The major factors contributing to the decrease of actual revenues over final budgeted revenues were decreases in Intergovernmental revenue being offset with increases in zoo and golf receipts.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
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(With Comparative Amounts for 2005)
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Capital Assets

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

	2007	2006	2005
Land	\$39,822,491	\$35,615,313	\$30,334,347
Construction in Progress	5,160,249	1,425,782	6,915,638
Buildings	70,917,813	70,988,381	70,835,860
Machinery and Equipment	5,549,798	5,871,392	5,391,486
Vehicles	3,011,716	2,995,113	2,782,899
Infrastructure:			
Bridges	21,585,805	21,048,656	14,031,734
Fords	1,388,866	1,434,080	1,479,293
Roads	8,901,313	8,456,228	6,862,688
All Purpose Trails	10,349,103	10,827,781	11,029,890
Golf Course Cart Paths	475,698	512,909	380,138
Other Paved Areas	1,783,885	1,674,842	1,779,581
<i>Totals</i>	<u>\$168,946,737</u>	<u>\$160,850,477</u>	<u>\$151,823,554</u>

The increase in capital assets of \$8,096,260 in 2007 was primarily attributable to increases in the nondepreciable assets, Land and Construction in Progress. During 2007, Land increased \$4,207,178 and Construction in Progress increased \$3,734,467. 2007 experienced land acquisitions amounting to nearly 180 acres including \$1.3 million received through donations. Additionally, several large capital projects began in 2007 including the African Elephant Crossing exhibit, the Lake-to-Lake trail and West Creek Reservation. See Note 9 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 41.1 percent in 2007.

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 15 consecutive fiscal years beginning January 1, 1993 through December 31, 2007.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(With Comparative Amounts for 2005)
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 David J. Kuntz, Treasurer, Cleveland Metropolitan Park District, 4101 Fulton Parkway, Cleveland, Ohio 44144, or by email at djk2@clevelandmetroparks.com.

Basic Financial Statements

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Net Assets

For the Years Ended December 31, 2007 and 2006

	Primary Government		Component Unit	
	Governmental Activities		Cleveland Zoological Society	
	2007	2006	2007	2006
Assets				
Cash and Cash Equivalents	\$11,740,106	\$10,538,073	\$6,094,055	\$3,005,061
Cash and Cash Equivalents:				
In Segregated Accounts	8,271	7,230	0	0
Investments	15,000,000	11,000,000	5,576,218	5,699,773
Charitable Gift Annuities	0	0	91,197	91,596
Charitable Remainder Trust	0	0	0	164,064
Materials and Supplies Inventory	930,495	950,164	0	0
Accrued Interest Receivable	334,361	165,110	0	0
Beneficial Interest in Perpetual Trusts	0	0	598,560	595,081
Accounts Receivable	32,281	59,954	0	0
Pledges Receivable	0	0	4,282,832	2,793,359
Due from Zoological Society	7,746,802	3,870,615	0	0
Intergovernmental Receivable	4,436,567	4,663,051	0	0
Prepaid Items	150,121	127,056	14,834	35,475
Taxes Receivable	57,489,492	59,175,304	0	0
Nondepreciable Capital Assets	44,982,740	37,041,095	0	0
Depreciable Capital Assets, Net	123,963,997	123,809,382	44,505	45,980
<i>Total Assets</i>	<u>266,815,233</u>	<u>251,407,034</u>	<u>16,702,201</u>	<u>12,430,389</u>
Liabilities				
Accounts Payable	724,728	1,113,799	101,596	212,476
Contracts Payable	624,584	218,879	0	0
Accrued Wages	814,009	643,537	0	0
Matured Compensated Absences Payable	0	23,917	0	0
Due to Primary Government	0	0	7,746,802	3,870,615
Insurance Claim Payable	336,000	0	0	0
Intergovernmental Payable	1,037,879	687,505	0	0
Split Interest Agreements Payable	0	0	61,105	66,642
Deferred Revenue	48,584,226	50,868,142	0	0
Long-Term Liabilities:				
Due Within One Year	954,568	794,121	0	0
Due In More Than One Year	5,212,835	5,247,600	0	0
<i>Total Liabilities</i>	<u>58,288,829</u>	<u>59,597,500</u>	<u>7,909,503</u>	<u>4,149,733</u>
Net Assets				
Invested in Capital Assets	168,946,737	160,850,477	44,505	45,980
Restricted for				
Educational and Conservation Grants	0	0	370,692	355,156
Marketing Sponsorships	0	0	140,775	170,256
Charitable Remainder Trust	0	0	0	162,149
Neotropical Research	0	0	60,048	64,260
Endowment Funds	0	0	645,560	642,081
Unrestricted	39,579,667	30,959,057	7,531,118	6,840,774
<i>Total Net Assets</i>	<u>\$208,526,404</u>	<u>\$191,809,534</u>	<u>\$8,792,698</u>	<u>\$8,280,656</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Activities

For the Years Ended December 31, 2007 and 2006

2007

	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	\$22,243,566	\$1,063,905	\$174,090	\$2,330,263	(\$18,675,308)	\$0
Zoo Operations	19,642,729	7,641,496	413,026	12,935	(11,575,272)	0
Golf Course	6,669,339	5,931,897	0	0	(737,442)	0
Ranger Department	7,109,441	86,801	12,736	0	(7,009,904)	0
Administration	10,217,480	0	442,743	0	(9,774,737)	0
Total Primary Government	\$65,882,555	\$14,724,099	\$1,042,595	\$2,343,198	(47,772,663)	0
Component Unit						
Cleveland Zoological Society	\$8,946,595	\$0	\$469,467	\$4,235,488	0	(4,241,640)
General Revenues						
Property Taxes					50,191,485	0
Grants and Entitlements not Restricted to Specific Programs					12,383,258	0
Investment Earnings					1,673,646	542,637
Unrestricted Contributions					0	3,359,132
Miscellaneous					241,144	851,913
Total General Revenues					64,489,533	4,753,682
Change in Net Assets					16,716,870	512,042
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>					191,809,534	8,280,656
<i>Net Assets End of Year</i>					\$208,526,404	\$8,792,698

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, 2007 and 2006

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 Governmental Activities	Component Unit Cleveland Zoological Society
Primary Government						
Governmental Activities						
Park Operations	\$20,540,936	\$1,039,166	\$371,945	\$1,836,952	(\$17,292,873)	\$0
Zoo Operations	19,311,346	6,870,987	420,018	0	(12,020,341)	0
Golf Course	6,304,977	5,548,949	0	0	(756,028)	0
Ranger Department	7,075,520	77,881	0	0	(6,997,639)	0
Administration	9,197,420	0	434,437	0	(8,762,983)	0
Total Primary Government	\$62,430,199	\$13,536,983	\$1,226,400	\$1,836,952	(45,829,864)	0
Component Unit						
Cleveland Zoological Society	\$8,145,865	\$0	\$684,169	\$3,551,834	0	(3,909,862)
General Revenues						
Property Taxes					51,259,725	0
Grants and Entitlements not Restricted to Specific Programs					9,884,802	0
Investment Earnings					1,299,475	655,245
Unrestricted Contributions					0	3,132,364
Miscellaneous					267,290	797,868
Total General Revenues					62,711,292	4,585,477
Change in Net Assets					16,881,428	675,615
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>					174,928,106	7,605,041
<i>Net Assets End of Year</i>					\$191,809,534	\$8,280,656

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Balance Sheet

Governmental Fund

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
	General	General
	Fund	Fund
Assets		
Cash and Cash Equivalents	\$11,740,106	\$10,538,073
Cash and Cash Equivalents:		
In Segregated Accounts	8,271	7,230
Investments	15,000,000	11,000,000
Materials and Supplies Inventory	930,495	950,164
Accrued Interest Receivable	334,361	165,110
Accounts Receivable	32,281	59,954
Due from Component Unit	7,746,802	3,870,615
Intergovernmental Receivable	4,436,567	4,663,051
Prepaid Items	150,121	127,056
Taxes Receivable	57,489,492	59,175,304
	<hr/>	<hr/>
<i>Total Assets</i>	\$97,868,496	\$90,556,557
	<hr/>	<hr/>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$724,728	\$1,113,799
Contracts Payable	624,584	218,879
Accrued Wages	814,009	643,537
Matured Compensated Absences Payable	0	23,917
Insurance Claims Payable	336,000	0
Intergovernmental Payable	1,037,879	687,505
Deferred Revenue	61,573,657	63,488,565
	<hr/>	<hr/>
<i>Total Liabilities</i>	65,110,857	66,176,202
	<hr/>	<hr/>
Fund Balance		
Reserved for Encumbrances	6,234,128	2,710,751
Unreserved, Undesignated	26,523,511	21,669,604
	<hr/>	<hr/>
<i>Total Fund Balance</i>	32,757,639	24,380,355
	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$97,868,496	\$90,556,557
	<hr/>	<hr/>

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, 2007 and 2006

	2007	2006
Total Governmental Fund Balances	\$32,757,639	\$24,380,355
<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.	168,946,737	160,850,477
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund:		
Intergovernmental	4,084,165	4,313,261
Property and Other Taxes	<u>8,905,266</u>	<u>8,307,162</u>
Total	12,989,431	12,620,423
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.		
Compensated Absences	(5,159,015)	(5,055,138)
Claims Payable	<u>(1,008,388)</u>	<u>(986,583)</u>
Total	<u>(6,167,403)</u>	<u>(6,041,721)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$208,526,404</u></u>	<u><u>\$191,809,534</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, 2007 and 2006

	2007	2006
Revenues		
Property Taxes	\$49,593,381	\$51,008,511
Intergovernmental	15,088,400	11,897,170
Donations and Sponsors	909,747	1,075,176
Interest	1,673,646	1,299,475
Golf Receipts	5,931,897	5,548,949
Zoo Receipts	7,641,496	6,870,987
Park Receipts	1,063,905	1,039,166
Damages and Fines	86,801	77,881
Miscellaneous	241,144	267,290
<i>Total Revenues</i>	<u>82,230,417</u>	<u>79,084,605</u>
Expenditures		
Current:		
Park Operations	19,276,373	16,570,492
Zoo Operations	18,214,399	17,149,224
Golf Course	6,343,573	5,917,687
Ranger Department	6,954,429	6,840,627
Administration	9,497,351	9,081,582
Capital Outlay	13,567,008	15,827,147
<i>Total Expenditures</i>	<u>73,853,133</u>	<u>71,386,759</u>
<i>Net Change in Fund Balance</i>	8,377,284	7,697,846
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>24,380,355</u>	<u>16,682,509</u>
<i>Fund Balance End of Year</i>	<u><u>\$32,757,639</u></u>	<u><u>\$24,380,355</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, 2007 and 2006*

	2007	2006
Net Change in Fund Balances - Total Governmental Fund	\$8,377,284	\$7,697,846
<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	15,616,586	15,230,863
Current Year Depreciation	<u>(6,941,560)</u>	<u>(6,034,601)</u>
Total	8,675,026	9,196,262
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.	(578,766)	(169,339)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Intergovernmental	(229,096)	(24,192)
Delinquent Property Taxes	<u>598,104</u>	<u>251,214</u>
Total	369,008	227,022
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.		
Compensated Absences	(103,877)	(114,523)
Retrospective Workers Compensation	<u>(21,805)</u>	<u>44,160</u>
Total	<u>(125,682)</u>	<u>(70,363)</u>
<i>Change in Net Assets</i>	<u><u>\$16,716,870</u></u>	<u><u>\$16,881,428</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 - Budget (Non-GAAP Basis) and Actual*

General Fund

For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property Taxes	\$49,102,698	\$49,102,698	\$49,593,381	\$490,683
Intergovernmental	12,739,897	13,142,366	11,198,398	(1,943,968)
Donations and Sponsors	908,148	908,148	909,747	1,599
Interest	1,100,000	1,100,000	1,504,395	404,395
Golf Receipts	5,659,338	5,659,338	5,937,952	278,614
Zoo Receipts	7,581,742	7,581,742	7,640,417	58,675
Park Receipts	1,070,110	1,070,110	1,068,229	(1,881)
Damages and Fines	87,850	87,850	88,441	591
Miscellaneous	110,620	149,020	288,734	139,714
<i>Total Revenues</i>	<u>78,360,403</u>	<u>78,801,272</u>	<u>78,229,694</u>	<u>(571,578)</u>
Expenditures				
Current:				
Park Operations	18,741,641	19,084,001	18,929,237	154,764
Zoo Operations	17,946,084	18,273,911	18,069,627	204,284
Golf Course	6,348,304	6,464,271	6,277,410	186,861
Ranger Department	6,919,512	7,045,913	7,026,072	19,841
Administration	11,525,105	11,831,359	11,200,083	631,276
Capital Outlay	22,077,696	22,480,997	18,956,099	3,524,898
<i>Total Expenditures</i>	<u>83,558,342</u>	<u>85,180,452</u>	<u>80,458,528</u>	<u>4,721,924</u>
<i>Net Change in Fund Balance</i>	(5,197,939)	(6,379,180)	(2,228,834)	4,150,346
<i>Fund Balance Beginning of Year</i>	17,577,733	17,577,733	17,577,733	0
Prior Year Encumbrances Appropriated	<u>4,018,626</u>	<u>4,018,626</u>	<u>4,018,626</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,398,420</u>	<u>\$15,217,179</u>	<u>\$19,367,525</u>	<u>\$4,150,346</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	\$50,226,193	\$50,226,193	\$51,008,511	\$782,318
Intergovernmental	8,918,712	10,399,004	9,439,758	(959,246)
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	17,361,280	17,212,923	148,357
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	6,748,352	6,725,327	23,025
Administration	11,154,375	11,330,626	10,288,893	1,041,733
Capital Outlay	23,433,516	23,243,649	18,766,612	4,477,037
<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 Fiduciary Assets and Liabilities

Fiduciary Funds

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
	<u>Agency</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	\$39,170	\$31,976
Cash and Cash Equivalents With Fiscal Agent	<u>111,716</u>	<u>160,451</u>
<i>Total Assets</i>	<u><u>\$150,886</u></u>	<u><u>\$192,427</u></u>
Liabilities		
Retainage Payable	\$111,716	\$160,451
Deposits Held and Due to Others	<u>39,170</u>	<u>31,976</u>
<i>Total Liabilities</i>	<u><u>\$150,886</u></u>	<u><u>\$192,427</u></u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements
For The Years Ended December 31, 2007 and 2006

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 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 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 16H). 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, 2007 and 2006 is presented in Note 16.

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2007 and 2006*

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. Fiduciary funds are reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District reports two categories of funds: governmental and fiduciary.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2007 and 2006

Governmental Funds

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. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's only governmental fund:

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is spilt into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own program. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for deposits held for contractors and developers, and an employee flexible benefit plan.

C. 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.

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.

D. 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements
For The Years Ended December 31, 2007 and 2006

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 7). 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.

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.

E. Cash and Cash Equivalents

During 2007 and 2006, 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

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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 \$1,673,646 during 2007 and \$1,299,475 during 2006.

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

F. Inventory

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

G. 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.

H. 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 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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

I. 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.

J. 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.

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.

K. 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.

L. 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.

M. 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2007 and 2006

N. 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 – Changes in Accounting Principles and Restatement of Prior Year's Balances

A. Changes in Accounting Principles

For 2007, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the District's financial statements. An OPEB liability at transition was determined in accordance with this Statement for the OPERS post-employment healthcare plan in the amount of \$1,338,106, which is the same as the previously reported liability.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

	Governmental Activities
Net Assets, December 31, 2005	\$173,807,029
Cash and Cash Equivalents:	
With Fiscal Agents	(\$248,509)
Retainage Payable	248,509
Intergovernmental payable	(220,315)
Deferred Revenue	2,372,135
Retrospective workers' compensation	(1,030,743)
Adjusted Net Assets, December 31, 2005	<u>\$174,928,106</u>

Note 4 - 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 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, 2007 and 2006.

	Net Change in Fund Balance	
	2007	2006
GAAP Basis	\$8,377,284	\$7,697,846
Net Adjustment for Revenue Accruals	(4,000,723)	(2,585,372)
Net Adjustment for Expenditure Accruals	765,659	(529,810)
Encumbrances	(7,371,054)	(4,018,626)
Budget Basis	<u>(\$2,228,834)</u>	<u>\$564,038</u>

Note 5 - 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2007 and 2006

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;
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, 2007, \$15,529,435 of the District's bank balance of \$16,043,223 was collateralized and uninsured. At December 31, 2006, \$11,761,763 of the District's bank balance of \$12,261,763 was collateralized and uninsured. Although the securities were held by the pledging

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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:

	<u>2007</u>		<u>2006</u>	
	<u>Fair Value</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement				
Treasury Note	\$568,000	January 2, 2008	\$820,000	January 2, 2007
STAROhio	<u>11,510,741</u>	41 days average	<u>9,564,920</u>	35 days average
Total	<u>\$12,078,741</u>		<u>\$10,384,920</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 6 - Receivables

Receivables at December 31, 2007 and 2006 primarily consisted of property taxes, due from the Zoological Society, accounts (billings for user charged services), accrued interest and intergovernmental receivables. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The principal items of intergovernmental receivables are homestead and rollback, local government and grants and entitlements.

Note 7 - 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 2007 and 2006 for real and public utility property taxes represents collections of 2006 and 2005 taxes, respectively. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) are for 2007 and 2006 taxes.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

2007 and 2006 real property taxes are levied after October 1, 2007 and 2006 on the assessed value as of January 1, 2007 and 2006, the lien dates. Assessed values are established by State law at 35 percent of appraised market value. 2007 and 2006 real property taxes are collected in and intended to finance 2008 and 2007, 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. 2007 public utility property taxes which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. 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.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent and for 2007 is 12.5 percent. This will be reduced to 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, 2007 and 2006 was \$1.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

2007:

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$30,654,295,600	\$294,571,710
Public Utility Property	847,569,150	3,815,040
Tangible Personal Property	<u>1,925,823,540</u>	<u>1,034,455</u>
Total Assessed Value	<u><u>\$33,427,688,290</u></u>	<u><u>\$299,421,205</u></u>

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><u>\$33,158,046,980</u></u>	<u><u>\$269,641,310</u></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, 2007 and 2006 and for

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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 2007 and 2006 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 8 - 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 2007 and 2006, the District contracted with several companies for various types of insurance as follows:

2007:

Company	Type	Coverage
Houston Casualty Company	Flood	\$5,000,000
	Earthquake	5,000,000
	Employment Practices	2,000,000
	General Liability	1,000,000
	Liquor Liability	1,000,000
	Property	193,958,827
	Automobile Liability	1,000,000
	Inland Marine	10,754,369
	Public Official/Law Enforcement	2,000,000
	Data Processing Equipment	1,700,000
	Commercial Crime	250,000
	Excess Liability	10,000,000
	Travelers	Boiler and Machinery
Western Surety	Treasurer Bond	1,000,000

2006:

Company	Type	Coverage
Houston Casualty Company	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

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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

Effective January 1, 2007, the District established a self-insured program in the general fund to provide employees' medical, hospitalization and prescription drug coverage under the Preferred Provider Organization (PPO) plan option, in accordance with Section 9.833 of the Ohio Revised Code. The employee deductible and out-of-pocket maximum are:

	<u>Deductible</u>	<u>Out-of-Pocket Maximum</u>
Single	\$200 to \$400	\$1,000 to \$2,000
Family	\$400 to \$800	\$2,000 to \$4,000

A third party administrator, Medical Mutual of Ohio, reviewed all claims which were then paid by the District. The District purchased stop-loss coverage of \$100,000 per employee per year and aggregate stop loss should total claims exceed projected claims of \$2,478,544 by 125 percent. The District pays coverage into the self-insurance program for employees of \$264 single and \$795 family per employee per month. Incurred but not reported claims of \$336,000 have been accrued as a liability based on an actuarial valuation of health care benefits liability as of December 31, 2007.

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	\$0	336,000	0	\$336,000

The District participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured in 2007. The maintenance of these benefits is accounted for in the general fund. Incurred but not reported claims of \$1,008,388 and \$986,583 have been accrued as a liability at December 31, 2007 and December 31, 2006, respectively, based on an estimate by the District.

The claims liability of \$1,344,388 reported at December 31, 2007 and \$986,583 reported at December 31, 2006, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the workers' compensation claims liability amounts for 2006 and 2007 and 2005 and 2006 were:

2007:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Change in Estimate</u>	<u>Balance at End of Year</u>
2006	\$1,030,743	211,207	220,315	(35,052)	\$986,583
2007	986,583	482,112	238,040	(222,267)	1,008,388

2006:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Change in Estimate</u>	<u>Balance at End of Year</u>
2005	\$952,250	722,442	203,890	(440,059)	\$1,030,743
2006	1,030,743	211,207	220,315	(35,052)	986,583

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

Note 9 - Capital Assets

A summary of changes in capital assets during 2007 follows:

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$35,615,313	\$4,207,178	\$0	\$39,822,491
Construction in Progress	1,425,782	4,011,717	(277,250)	5,160,249
<i>Total Capital Assets, Not Being Depreciated</i>	<u>37,041,095</u>	<u>8,218,895</u>	<u>(277,250)</u>	<u>44,982,740</u>
Capital Assets, Being Depreciated				
Buildings	98,000,242	2,386,197	(567,473)	99,818,966
Machinery and Equipment	14,306,061	808,638	(448,941)	14,665,758
Vehicles	8,667,439	755,928	(567,152)	8,856,215
Infrastructure				
Bridges	29,359,352	1,773,941	(42,501)	31,090,792
Fords	1,815,757	0	0	1,815,757
Dams	85,000	0	0	85,000
Roads	12,477,523	1,029,599	(787,248)	12,719,874
All Purpose Trails	16,599,555	669,949	(412,011)	16,857,493
Golf Course Cart Paths	880,558	6,472	(6,889)	880,141
Other Paved Areas	2,837,545	244,217	(134,058)	2,947,704
<i>Total Capital Assets, Being Depreciated</i>	<u>185,029,032</u>	<u>7,674,941</u>	<u>(2,966,273)</u>	<u>189,737,700</u>
<i>Total Capital Assets, Governmental Activities</i>	<u>222,070,127</u>	<u>15,893,836</u>	<u>(3,243,523)</u>	<u>234,720,440</u>
Less Accumulated Depreciation:				
Buildings	(27,011,861)	(2,414,204)	524,912	(28,901,153)
Machinery and Equipment	(8,434,669)	(979,583)	298,292	(9,115,960)
Vehicles	(5,672,326)	(693,019)	520,846	(5,844,499)
Infrastructure				
Bridges	(8,310,696)	(1,236,792)	42,501	(9,504,987)
Fords	(381,677)	(45,214)	0	(426,891)
Dams	(85,000)	0	0	(85,000)
Roads	(4,021,295)	(584,514)	787,248	(3,818,561)
All Purpose Trails	(5,771,774)	(809,377)	72,761	(6,508,390)
Golf Course Cart Paths	(367,649)	(43,683)	6,889	(404,443)
Other Paved Areas	(1,162,703)	(135,174)	134,058	(1,163,819)
<i>Total Accumulated Depreciation</i>	<u>(61,219,650)</u>	<u>(6,941,560) *</u>	<u>2,387,507</u>	<u>(65,773,703)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>123,809,382</u>	<u>733,381</u>	<u>(578,766)</u>	<u>123,963,997</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$160,850,477</u>	<u>\$8,952,276</u>	<u>(\$856,016)</u>	<u>\$168,946,737</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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>

*Depreciation expense for 2007 and 2006 was charged to governmental functions as follows:

	2007	2006
Park Operations	\$4,197,244	\$3,420,958
Zoo Operations	1,953,989	1,887,820
Golf Course	432,071	375,383
Rangers	216,437	203,525
Administration	141,819	146,915
Total	<u>\$6,941,560</u>	<u>\$6,034,601</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

Note 10 - Contractual Commitments

At December 31, 2007 and December 31, 2006, the District's significant contractual commitments in excess of \$50,000 consisted of:

2007

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Alameda Properties	\$235,255	\$67,968	\$167,287
Alfa Construction	142,392	122,143	20,249
Arcadis	358,062	347,106	10,956
Behnke Associates	105,606	35,206	70,400
CLR Design	1,876,730	765,110	1,111,620
CSX	193,421	191,821	1,600
Cuyahoga Bridge and Road	1,118,275	1,117,300	975
Easton Leasing	488,000	441,910	46,090
Enviro Com Construction	1,390,807	626,790	764,017
Floyd Browne Group	997,191	393,346	603,845
Gecko Graphics	385,200	70,184	315,016
HNTB	332,658	327,912	4,746
J.D. Williamson Construction	4,575,000	315,669	4,259,331
Northeast Roofing	192,600	190,600	2,000
Portico Group	287,779	185,947	101,832
RFC Contracting	6,056,000	635,582	5,420,418
Thomas and Marker Construction	65,000	23,272	41,728
Total	<u>\$18,799,976</u>	<u>\$5,857,866</u>	<u>\$12,942,110</u>

2006

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
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>\$20,280,946</u>	<u>\$17,352,991</u>	<u>\$2,927,955</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

Note 11 - 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.

Note 12 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The District's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the District's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the District's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$2,696,766, \$2,802,211 and \$2,890,799 respectively; 98.53 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$95,069 made by the District and \$65,210 made by the plan members. Contributions to the member-directed plan for 2006 were \$79,256 made by the District and \$52,066 made by the plan members.

Cleveland Metropolitan Park District, Cuyahoga County

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For The Years Ended December 31, 2007 and 2006

Note 13 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$1,783,413, \$1,393,365 and \$1,210,806 respectively; 98.30 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

Cleveland Metropolitan Park District, Cuyahoga County

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For The Years Ended December 31, 2007 and 2006

Note 14 - Long Term Obligations

Changes in the long-term obligations of the District during 2007 and 2006 were as follows:

2007

	<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	\$5,055,138	\$325,978	(\$222,101)	\$5,159,015	\$541,141
Retrospective Workers ' Compensation	<u>986,583</u>	<u>482,112</u>	<u>(460,307)</u>	<u>1,008,388</u>	<u>413,427</u>
Total	<u>\$6,041,721</u>	<u>\$808,090</u>	<u>(\$682,408)</u>	<u>\$6,167,403</u>	<u>\$954,568</u>

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	\$4,940,615	\$248,711	(\$134,188)	\$5,055,138	\$657,155
Retrospective Workers ' Compensation	<u>1,030,743</u>	<u>211,207</u>	<u>(255,367)</u>	<u>986,583</u>	<u>136,966</u>
Total	<u>\$5,971,358</u>	<u>\$459,918</u>	<u>(\$389,555)</u>	<u>\$6,041,721</u>	<u>\$794,121</u>

Compensated absences and the retrospective workers' compensation will be paid from the general fund.

Note 15 – Other Benefits

A. 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.

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.

B. Health, Dental, Vision and Life Insurance

For those employees who opt not to take part in the self-insurance PPO health insurance program, an option to select an HMO from Kaiser Permanente is provided and premiums are paid by the District. The District provides dental and vision through Aetna Dental and Union Eye Care. It also provides life insurance and accidental death and dismemberment insurance to its employees through SunLife Insurance.

Cleveland Metropolitan Park District, Cuyahoga County

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For The Years Ended December 31, 2007 and 2006

C. Flexible Benefit Plan

Section 125 of the Internal Revenue Service (IRS) code permits the Flexible Benefit Plan, as established by the District. The Flexible Benefit Plan (FSA) allows employees to defer pay on a pre-tax basis to pay premium contribution(s) and Flexible Spending Accounts (FSA) reimbursements for qualified medical (up to \$3,120) and /or dependent care (up to \$5,000) expenses. The FSA accounts allow employees to pay for qualified out-of-pocket medical and dependent care expenses with pre-tax income. Amounts deposited into either of the FSA accounts may be used at the employee's discretion for qualified expenses incurred during the plan year (January 1 through March 15 of the following year). Deferral amounts put into the FSA accounts are deducted before federal, state and Medicare taxes are withheld. A provision of the code provides that any funds left in the FSA declaration at the end of the plan year are forfeited (use it or lose it). Deferral amounts of \$39,170 and \$31,976 have been accrued as a liability in the agency fund at December 31, 2007 and December 31, 2006 respectively.

Note 16 – 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 has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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.

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.

The Zoo Society and the Zoo are financially interrelated entities, as described in Statement of Financial Accounting Standards, No. 136, *Transfers of Assets to a Not-for-Profit Organization of Charitable Trust that Raises or Holds Contributions for Others*, therefore, contributions raised by the Zoo Society on behalf of the Zoo are reported as temporarily restricted contribution revenues and 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.

Cleveland Metropolitan Park District, Cuyahoga County

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Assets received under charitable remainder trust 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, 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. Upon the death of an annuitant, the Zoo Society reclassifies such investments into the general assets of the Zoo Society in accordance with the provisions of such trusts.

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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

At various times during the years ended December 31, 2007 and 2006, 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.

Advertising Advertising costs are expensed when incurred and included in program and supporting expenses. Total advertising cost expensed was \$60,844 and \$64,839 in 2007 and 2006, respectively.

B. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unrestricted - available for operating expenses	\$2,397,087	\$1,954,384
Restricted for African Elephant Crossing	3,161,868	551,608
Donor restricted for short-term purposes	535,100	499,069
	<u>\$6,094,055</u>	<u>\$3,005,061</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 the African Elephant Crossing campaign from a donor whose goal is to help the Zoo Society raise \$750,000. The promise was conditioned upon the Zoo Society raising new gifts, in individual amounts of \$25,000 or greater, for which, the donor would match one-half of such amounts raised up to a maximum match of \$250,000. As of December 31, 2007, the Zoo Society had raised sufficient amounts to recognize this conditional promise in its entirety. Accordingly, the Zoo Society recognized \$250,000 of temporarily restricted capital campaign revenue related to this promise, of which, \$50,000 in cash was received in 2007 and \$200,000 is included in pledges receivable at December 31, 2007.

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, 2007 and 2006

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>2007</u>	<u>2006</u>
Unrestricted - available for operating expenses	\$43,183	\$53,190
Restricted for African Elephant Crossing	4,203,233	2,650,169
Other temporary restricted	<u>36,416</u>	<u>90,000</u>
	<u>\$4,282,832</u>	<u>\$2,793,359</u>

Pledges were discounted to their present value assuming their respective terms and discount rates ranging from 4.48% to 7.25% dependant upon prevailing rates in the year in which a pledge is received. The pledges receivable are scheduled to be collected as follows:

	<u>2007</u>	<u>2006</u>
Payable within one year	\$2,091,290	\$1,359,661
Payable in two years	899,307	819,570
Payable in three years	823,187	452,922
Payable in four years	428,933	403,183
Payable in five years	300,000	5,813
Thereafter	<u>398,650</u>	<u>0</u>
	4,941,367	3,041,149
Less discounts to net present value	(512,664)	(147,790)
Less allowance for uncollectible pledges receivable	(145,871)	(100,000)
Net pledges receivable	<u>\$4,282,832</u>	<u>\$2,793,359</u>

D. Marketable Securities

Investments are stated at fair value at December 31, 2007 and 2006 and are summarized as follows:

	<u>2007</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized appreciation (depreciation)</u>
Cash and cash equivalents	\$501,224	\$501,224	\$0
Mutual funds	1,468,997	1,482,754	13,757
Stock and stock funds	3,305,633	3,592,240	286,607
	<u>\$5,275,854</u>	<u>\$5,576,218</u>	<u>\$300,364</u>
	<u>2006</u>		
	<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>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

Included in marketable securities at December 31, 2007 and 2006 was \$4,473,298 and \$4,050,118, respectively, of board-designated net assets.

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

2007			
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$346,632	\$0	\$346,632
Net realized and unrealized gains (losses)	199,117	0	199,117
	<u>\$545,749</u>	<u>\$0</u>	<u>\$545,749</u>
2006			
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$236,845	\$0	\$236,845
Net realized and unrealized gains (losses)	419,782	(1,382)	418,400
	<u>\$656,627</u>	<u>(\$1,382)</u>	<u>\$655,245</u>

Investment fees of \$29,102 and \$21,590 for the years ended December 31, 2007 and 2006, respectively, were expensed and included in management and general expenses.

E. Board-Designated Net Assets

The Board of Trustees established and maintains two board-designated funds. The Sustaining fund was established in 1991 with the express purpose of ensuring the Zoo Society's continuing existence by providing a source of operating funds to the Zoo Society in the event of economic hardship. The ZooFutures fund was established in 1998 with the express purpose of receiving planned gifts and other contributions and to act similar to an endowment which is administered and operated in support of Zoo Society activities.

Board-designated net assets for these funds are as follows at December 31:

	2007	2006
Sustaining Fund	\$2,371,097	\$2,236,043
ZooFutures Fund	2,102,201	1,814,075
	<u>\$4,473,298</u>	<u>\$4,050,118</u>

F. 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 until the end of the trust's term, at which time the remaining assets become 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 Zoo Society was made during March 2007. The prorated final distribution for 2006 was paid in early 2007. Investments, primarily mutual funds, held in the charitable remainder trust aggregated \$0 and

Cleveland Metropolitan Park District, Cuyahoga County

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\$164,064 at December 31, 2007 and 2006, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$0 and \$1,915 at December 31, 2007 and 2006, 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 \$91,197 and \$91,596 at December 31, 2007 and 2006, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$61,105 and \$64,727 at December 31, 2007 and 2006, 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, 2007 and 2006 of \$598,560 and \$595,081, respectively, are included in the accompanying statements of financial position. The December 31, 2007 market value of one of the trusts has not been received as of the date of the financial statements. Therefore, the December 31, 2006 value was utilized as management estimates that the value would not materially change based upon prior experience and the types of investments held in the trust. 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.

G. Restrictions on Net Assets

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

	2007	2006
Conservation and science grants	\$234,438	\$199,928
Conservation and education grants	136,254	155,228
Marketing sponsorships	140,775	170,256
Charitable remainder trust	0	162,149
Neotropical research	60,048	64,260
	<u>\$571,515</u>	<u>\$751,821</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:

	2007	2006
Conservation education	\$106,645	\$248,782
Conservation and science	195,156	150,854
Neotropical research	64,212	57,055
Sponsorships	118,131	154,024
Charitable remainder trust liquidation	162,149	0
Capital campaign	3,896,543	3,260,979
Other capital campaign costs	338,946	290,855
	<u>\$4,881,782</u>	<u>\$4,162,549</u>

Cleveland Metropolitan Park District, Cuyahoga County

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For The Years Ended December 31, 2007 and 2006

Permanently restricted net assets aggregating \$645,560 and \$642,081 at December 31, 2007 and 2006, 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:

	2007	2006
Metroparks agreement	\$1,678,166	\$1,614,029
Education expenditures	106,644	247,385
Conservation expenditures	283,790	243,691
Boo at the Zoo	25,728	26,834
Levy support and lobbying	33,403	36,201
Senior Day	10,461	6,923
Other miscellaneous Zoo functions	81,941	120,267
Neotropical research	64,212	57,055
Capital Campaign	3,896,543	3,260,979
	<u>\$6,180,888</u>	<u>\$5,613,364</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 \$1,678,166 and \$1,614,029 for 2007 and 2006, respectively.

Included in "Amounts due to Cleveland Metropolitan Park District-Operating agreement" on the statements of financial position is \$585,811 and \$566,167 which is owed to the District under the above agreement at December 31, 2007 and 2006, respectively. In addition, included in "Amounts due to Cleveland Metropolitan Park District-Capital campaign" on the statements of financial position is \$7,160,991 which is owed to the District for the African Elephant Crossing campaign as described in Note 16 C at December 31, 2007 and 2006, respectively. At present, the long-term portion of the liability is equal to the projected amounts to be received through the collection of pledges greater than one-year from the statement of financial position date. 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.

I. Allocation of Joint Cost

For the years ended December 31, 2007 and 2006, the Zoo Society incurred joint costs for information materials and activities that included fundraising appeals. The Zoo Society allocated these joint costs as follows:

	2007	2006
Fundraising	\$98,583	\$95,156
Program services	194,893	188,100
	<u>\$293,476</u>	<u>\$283,256</u>

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For The Years Ended December 31, 2007 and 2006

J. In-Kind Contributions

For the years ended December 31, 2007 and 2006, \$93,242 and \$82,966 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 2007 and 2006, the amount of expense related to this plan was \$44,093 and \$37,959, 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 2007 and 2006, the amount of expense related to this Executive Plan was \$10,000 and \$10,000, respectively.

L. Related Party

At December 31, 2007 and 2006, \$1,448,764 and \$745,008 of pledges receivable and \$1,996,944 and \$1,265,848 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, 2007 or 2006.

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, 2007 and 2006.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2007 and 2006

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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, the major fund, and the aggregate remaining fund information of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio (the District), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 28, 2008, wherein we noted the District changed its method of reporting contractor deposits. 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.

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, and the Board of Park Commissioners. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 28, 2008



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
OCTOBER 16, 2008**