



**LORAIN COUNTY METROPOLITAN PARK DISTRICT
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Park Commissioners
Lorain County Metropolitan Park District
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Board of Park Commissioners:

We have audited the accompanying financial statements of Lorain County Metropolitan Park District, Lorain County, Ohio, (the Park District) as of and for the years ended December 31, 1999, and December 31, 1998. These financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Lorain County Metropolitan Park District, Lorain County, as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2000, on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

March 27, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General
Cash Receipts:	
Taxes	\$3,790,497
Intergovernmental	211,840
Licenses, Permits, and Fees	45,479
Donations and Gifts	529,392
Earnings on Investments	175,483
Other Revenue	811,131
Total Cash Receipts	5,563,822
Cash Disbursements:	
Current:	
Salaries and Benefits	2,102,766
Materials	189,907
Supplies	29,491
Equipment	142,257
Programs	34,838
Contracted Services	206,855
Travel Expenses	8,257
Advertising	107,225
Grants	72,511
Projects	61,684
Repairs	16,914
Rentals	4,310
Other Expenses	69,150
Land Acquisition	1,309,180
Capital Improvements	1,464,871
Total Cash Disbursements	5,820,216
Total Receipts Over/(Under) Disbursements	(256,394)
Other Financing Receipts/(Disbursements):	
Other Sources	100,634
Total Other Financing Receipts/(Disbursements)	100,634
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(155,760)
Fund Cash Balances, January 1	3,160,419
Fund Cash Balances, December 31	\$3,004,659

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General
Cash Receipts:	
Taxes	\$3,631,175
Intergovernmental	210,790
Licenses, Permits, and Fees	49,147
Donations and Gifts	82,505
Earnings on Investments	139,533
Other Revenue	625,420
 Total Cash Receipts	 4,738,570
Cash Disbursements:	
Current:	
Salaries and Benefits	1,891,577
Materials	176,626
Supplies	30,470
Equipment	173,270
Programs	35,143
Contracted Services	213,815
Travel Expenses	5,830
Advertising	86,013
Grants	69,482
Projects	63,309
Repairs	25,419
Rentals	3,960
Other Expenses	110,496
Land Acquisition	142,617
Capital Improvements	695,904
 Total Cash Disbursements	 3,723,931
 Total Receipts Over/(Under) Disbursements	 1,014,639
Other Financing Receipts/(Disbursements):	
Other Sources	86,684
 Total Other Financing Receipts/(Disbursements)	 86,684
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 1,101,323
 Fund Cash Balances, January 1	 2,059,096
 Fund Cash Balances, December 31	 \$3,160,419

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lorain County Metropolitan Park District, Lorain County, (the Park District) was created by action of the Probate Court of Lorain County in 1957 under authority of Chapter 1545 of the Ohio Revised Code. The Park District is a separate subdivision of the State of Ohio and as such is not subservient to any local form of government such as a county or municipality. The Park District's operations include various leisure time activities, a golf course, and naturalist departments.

The Park District is governed by a three-member Board of Commissioners. The Commissioners are appointed by the Judge of the Probate Court. One Commissioner is appointed each year and serves for a period of three years. Commissioners serve without compensation.

The Board meets regularly once a month and at such other times when the press of business dictates. The Board established policy and granted approval on all land acquisition, park development, and park use and operations. Expenditure of funds can only be made upon the approval of the Board.

The Director-Secretary is the chief executive officer of the Lorain County Metropolitan Park District. The Director-Secretary is appointed by the Board of Park Commissioners and is responsible for executing the policy of the Park District's Board. The Director Secretary is authorized to establish administrative procedures as he deems necessary to execute the policy of the Board.

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

Component units are legally separate organizations for which the Park District is financially accountable. Component units may also include organizations that are fiscally dependent on the Park District in that the Park District approves their budget, the issuance of their debt or the levying of their taxes. The Park District has no component units.

The following entities, which perform activities within the Park District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the Park District is not financially accountable for these entities nor are they fiscally dependent on the Park District.

The Friends of the Metro Parks in Lorain County, Inc., is a federal tax-exempt, not for profit organization under Section 501 (a) of the Internal Revenue Code (the Code) and an organization described in Section 501 (c)(3) of the Code. This corporation was organized for charitable, educational and scientific purposes, including making distributions to organizations that qualify as exempt organizations under Section 501 (c) (3) of the Code. In addition, they were organized to maintain an association of persons interested in the Lorain County Metropolitan Park District (LCMPD); to focus public attention on LCMPD uses and benefits; to cooperate and assist the Board of Park Commissioners and staff in developing, improving, and expanding and preserving LCMPD; to promote and conduct activities to enhance park lands under the jurisdiction of the LCMPD; to receive and encourage gifts, endowments, and bequests to support LCMPD; and to acquire land.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The corporation is governed by a board of trustees consisting of eleven members elected from the general membership. In addition, the Director-Secretary of the Lorain County Metropolitan Park District appoints a staff member to participate as a non-voting member of the board of trustees. The corporation can borrow money, issue, sell, and pledge its notes, bonds or other evidences of indebtedness; and secure its obligations by mortgage, pledge or deed of trust by authority and action of its board of trustees.

The Park District received \$19,000 during the fiscal period January 1, through December 31, 1998 and \$19,000 during the during the fiscal period January 1, through December 31, 1999 from the Friends corporation. The total cash assets (unaudited) of the Friends of the Lorain Metro Parks in Lorain County, Inc., at December 31, 1999 was \$17,960. Financial Statements can be obtained from Mrs. Judy Plato, Treasurer, 1316 2nd Street, Lorain, Ohio 44052.

North Coast Regional Council of Park Districts was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The North Coast Regional Council of Park Districts (NCRCPD) was formed in part to designate sites within the jurisdiction of the members of the council to be acquired, improved, restored, enhanced, administered and/or preserved with funds received under the In Lieu Fee Agreement (ILFA). The ILFA allows the development of certain wetlands provided the developers contribute certain sums of money which are then used as described above. The NCRCPD is a jointly governed organization which currently includes four members. Each member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners. The Lorain County Metropolitan Park District contributed \$1,000 to the NCRCPD during 1998. Financial statements can be obtained from Nadene Sheldon, Treasurer, at 12882 Diagonal Road, LaGrange, Ohio 44050.

The Lorain County Metropark Endowment Fund of the Community Foundation of Greater Lorain County was created to benefit and assist the endeavors of the Lorain County Metropolitan Park District(LCMPD), including but not limited to the general public and statutory purposes of the preservation and conservation of the environment and all natural resources within the jurisdiction of the Lorain County Metropolitan Park District. This fund was created November 18th 1993 by agreement of both parties. The Community Foundation of Greater Lorain County(CFGLC) is made up of over 200 separate funds each one created for its specific purpose. The CFGLC was organized under Section 501 (c) (3) of the Internal Revenue Code. The LCMPD received no distribution of funds during 1998 or 1999. The Fund balance as of December 31, 1999 was \$45,203. Audited financial statements can be obtained from Nelson F. Bour, Financial Administrative Officer of the CFGLC, Lorain, Ohio 44055.

B. Basis of Accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Certificates of Deposit are valued at cost.

D. Fund Accounting

The Park District uses fund accounting to segregate cash and investments that are restricted as to use. The only fund type the Park District uses is the General Fund. The General Fund is the general operating fund. It is used to account for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires that the General Fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control for the General Fund, and appropriations may not exceed estimated resources. The Board of Park Commissioners must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Park District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposit	\$115,625	\$189,512
Certificates of deposits	<u>2,889,034</u>	<u>2,970,907</u>
Total deposits	<u><u>\$3,004,659</u></u>	<u><u>\$3,160,419</u></u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	<u>\$5,664,454</u>	<u>\$5,664,456</u>	<u>\$2</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	<u>\$8,824,873</u>	<u>\$5,820,216</u>	<u>\$3,004,657</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	<u>\$4,825,255</u>	<u>\$4,825,254</u>	<u>\$(1)</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation authority	Budgetary Expenditures	Variance
General Fund	<u>\$6,884,348</u>	<u>\$3,723,931</u>	<u>\$3,160,417</u>

4. PROPERTY TAX

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

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

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

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

5. RETIREMENT SYSTEMS

The Park District's employees belong to the Public Employees Retirement System (PERS). PERS is a cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants to vested employees as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS and PERS Law Enforcement plan members contributed 8.5% and 9.0% of their gross salaries. The Park District contributed an amount equal to 13.55% and 16.70% of participants' gross salaries. The Park District has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Park District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Electronic Data Processing
- Errors and omissions
- Police Professional Liability

The Park District also provides health insurance and dental and vision coverage to full-time employees through Medical Mutual of Ohio.

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

Board of Park Commissioners
Lorain County Metropolitan Park District
Lorain County
12882 Diagonal Road
LaGrange, Ohio 44050

To the Board of Park Commissioners:

We have audited the financial statements of Lorain County Metropolitan Park District, Lorain County, Ohio, (the Park District) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our reports thereon dated March 27, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Park District in a separate letter dated March 27, 2000.

Lorain County Metropolitan Park District
Lorain County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 27, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LORAIN COUNTY METROPOLITAN PARK DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2000**