



**Auditor of State  
Betty Montgomery**



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the accompanying financial statements of the Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2003, and 2002, and its combined 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 February 18, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of 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.

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

**Betty Montgomery**  
Auditor of State

February 18, 2004

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$1,174,754		\$1,174,754
Tangible Personal Property Tax	135,981		135,981
Intergovernmental Receipts	1,041,244	\$75,000	1,116,244
Investment Income	25,194	13,900	39,094
Sales	25,655		25,655
Fees	9,423	32,270	41,693
Gifts and Donations	5,571	4,153	9,724
Other Receipts		6,251	6,251
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,417,822	131,574	2,549,396
<b>Cash Disbursements:</b>			
Current:			
Salaries	659,164		659,164
Workers' Compensation	3,296		3,296
Public Employees Retirement System	91,870		91,870
Medicare	8,562		8,562
Hospitalization	80,876		80,876
Supplies	10,758	1,763	12,521
Materials	39,970	78,656	118,626
Equipment	35,445	55,760	91,205
Equipment - Rental	2,952	450	3,402
Contracts - Repair	2,482		2,482
Contracts - Services	367,268	111,882	479,150
Advertising and Printing	17,217	78	17,295
Travel	18,034		18,034
Capital Outlay	437,733		437,733
Debt Service:			
Redemption of Principal	537,738	69,722	607,460
Interest and Fiscal Charges	136,878	9,508	146,386
Other	56,534		56,534
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,506,777	327,819	2,834,596
Total Receipts (Under) Disbursements	(88,955)	(196,245)	(285,200)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	635,000	340,000	975,000
Transfers-Out	(975,000)		(975,000)
Refunds	2,983		2,983
Reimbursements	50,618	2,400	53,018
Other financing sources	93,600		93,600
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(192,799)	342,400	149,601
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(281,754)	146,155	(135,599)
Fund Cash Balances, January 1	1,734,958	801,106	2,536,064
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$1,453,204</b>	<b>\$947,261</b>	<b>\$2,400,465</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$55,723	\$108,050	\$163,773
	<hr/>	<hr/>	<hr/>

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$1,134,383		\$1,134,383
Tangible Personal Property Tax	164,984		164,984
Intergovernmental Receipts	727,599		727,599
Investment Income	50,169	\$27,282	77,451
Sales	20,259		20,259
Fees	9,626		9,626
Gifts and Donations	6,101	14,206	20,307
Other Receipts	8,710	1,906	10,616
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,121,831	43,394	2,165,225
<b>Cash Disbursements:</b>			
Current:			
Salaries	641,079		641,079
Workers' Compensation	3,206		3,206
Public Employees Retirement System	89,482		89,482
Medicare	8,171		8,171
Hospitalization	79,766		79,766
Supplies	9,994	3,610	13,604
Materials	33,176	91,712	124,888
Equipment	28,413	43,496	71,909
Equipment - Rental	2,495	1,239	3,734
Contracts - Repair	4,022		4,022
Contracts - Services	115,082	346,851	461,933
Advertising and Printing	18,785		18,785
Travel	14,242		14,242
Capital Outlay	473,724		473,724
Debt Service:			
Redemption of Principal	899,241	61,691	960,932
Interest and Fiscal Charges	163,282	17,538	180,820
Other	67,780		67,780
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,651,940	566,137	3,218,077
Total Receipts (Under) Disbursements	<hr/> (530,109)	<hr/> (522,743)	<hr/> (1,052,852)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	900,000	165,000	1,065,000
Transfers-Out	(1,065,000)		(1,065,000)
Refunds	2,569	14,479	17,048
Reimbursements	2,112		2,112
Other financing sources	100,000		100,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(60,319)	179,479	119,160
Excess of Cash Receipts (Under) Cash Disbursements	(590,428)	(343,264)	(933,692)
Fund Cash Balances, January 1	<hr/> 2,325,386	<hr/> 1,144,370	<hr/> 3,469,756
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$1,734,958</b>	<hr/> <b>\$801,106</b>	<hr/> <b>\$2,536,064</b>
Reserves for Encumbrances, December 31	<hr/> \$16,097	<hr/> \$36,743	<hr/> \$52,840

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



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Medina County Park District, Medina County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Medina County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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

**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.

**C. Cash and Investments**

As permitted by the Ohio Revised Code, the Medina County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District has the following significant Capital Projects Funds:

*Major Park Development Fund* - This fund is used to account for park construction and capital improvements made by the District.

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Outdoor Education Fund* – This fund is used to account for outdoor educational programs that are ongoing at the District.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level, which is the District's legal level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board of Commissioners must annually approve the appropriation measure and subsequent amendments. Unencumbered 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.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Medina County Auditor acts as fiscal agent for the District. The Medina County Treasurer maintains a cash and investment pool used by all funds held by the County, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash on deposit with the fiscal agent at December 31, 2003 and 2002 was \$2,400,465 and 2,536,064, respectively.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,813,920	\$3,200,023	(\$613,897)
Capital Projects	1,057,997	473,974	(584,023)
Total	\$4,871,917	\$3,673,997	(\$1,197,920)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,402,561	\$3,537,500	\$1,865,061
Capital Projects	1,677,593	445,377	1,232,216
Total	\$7,080,154	\$3,982,877	\$3,097,277

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,669,900	\$3,126,512	(\$543,388)
Capital Projects	676,350	222,873	(453,477)
Total	\$4,346,250	\$3,349,385	(\$996,865)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,846,124	\$3,733,037	\$2,113,087
Capital Projects	1,677,638	602,880	1,074,758
Total	\$7,523,762	\$4,335,917	\$3,187,845

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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.

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

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Park District Improvement Bonds, 1999	\$2,397,597	4.4%
Lovas Promissory Note	<u>240,000</u>	5% - 7%
Total	<u><u>\$2,637,597</u></u>	

The District issued \$4,300,000 in park improvement bonds during 1999 for the purpose of acquiring and improving lands for use by the District. The bonds are being repaid from the proceeds of a tax levy which was approved by the voters of Medina County in November of 1998.

The District signed a promissory note with Mr. Louis Lovas on December 26, 2001, for the purpose of acquiring land for use by the District. This note will be paid by the North Coast Regional Council of Park Districts on behalf of the District, in five annual installments of \$80,000, plus accrued interest, beginning December 28, 2002. See Note 8.

Amortization of the above debt, including interest, is scheduled as follows:

	<u>Park Improvement</u>	<u>Louis Lovas Promissory</u>
Year ending December 31:		
2004	\$660,246	\$94,400
2005	660,246	89,600
2006	660,246	84,800
2007	<u>660,246</u>	<u>0</u>
Total	<u><u>\$2,640,984</u></u>	<u><u>\$268,800</u></u>

**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RETIREMENT SYSTEM**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The District has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public officials' liability.

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**8. JOINTLY GOVERNED ORGANIZATION**

The District is a member of the North Coast Regional Council of Park Districts (the Council). The Council is a jointly governed organization comprised of four of metropolitan park districts, and was formed for the purpose of promoting wetland and stream restoration projects. Each member provided the Council with an initial administrative fee and will pay continual fees to the Council equal to 1% of the wetland mitigation fees they collect.

The Council is under the direction of a Board comprised of two representatives from each member metropolitan park district. The Treasurer of the Lorain County Metropolitan Park District is the fiscal agent for the Council. The degree of control exercised by members is limited to their representation on the Board. Financial information can be obtained by contacting the Treasurer of the Lorain County Metropolitan Park District at 12882 Diagonal Road, Grange, Ohio 44050.

**9. CLEVELAND HOPKINS MITIGATION**

The City of Cleveland was required to set aside money for the restoration of wetlands and streams as a result of a penalty assessed against the City related to Cleveland Hopkins Airport. A portion of this money was assigned to the District to be used for the Hidden Hollow Stream Restoration Project. The amount allocated to this project was approximately \$5,200,000, and was deposited with the North Coast Regional Council of Park Districts. All debt and additional costs for this project are to be paid by the North Coast Regional Council of Park Districts on behalf of the District. There were no costs in addition to debt that was paid on behalf of the District by the North Coast Regional Council of Park Districts. Once the project is completed, any remaining moneys will be submitted to the District.

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**Auditor of State  
Betty Montgomery**

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

Medina County Park District  
Medina County  
6364 Deerview Lane  
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the accompanying financial statements of the Medina County Park District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 audit 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 audit, we considered the 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 District in a separate letter dated February 18, 2004.

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

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

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

**Betty Montgomery**  
Auditor of State

February 18, 2004



**MEDINA COUNTY PARK DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-60952-001	The District failed to certify the availability of funds for all expenditures contrary to Ohio Rev. Code Section 5705.41(D)	Yes	Finding No Longer Valid

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**Auditor of State  
Betty Montgomery**

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**MEDINA COUNTY PARK DISTRICT**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 8, 2004**