



Dave Yost • Auditor of State



ERIE METROPARKS  
ERIE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Erie MetroParks  
Erie County  
3910 Perkins Avenue  
Huron, Ohio 44839-1059

To the Board of Park Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Erie MetroParks, Erie County, Ohio (the MetroPark), as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the MetroPark's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the MetroPark's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the MetroPark prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the MetroPark as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Erie MetroParks, Erie County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 Erie MetroParks adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013, on our consideration of the MetroPark'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MetroPark's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

April 26, 2013

**ERIE METROPARKS  
ERIE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$1,357,522			\$1,357,522
Intergovernmental	489,014		\$2,108,020	2,597,034
Earnings on Investments	573			573
Gifts and Donations	1,755	\$13,605		15,360
Fees	44,542			44,542
Sales	7,791			7,791
Rentals and Leases	27,296			27,296
Miscellaneous	71,358			71,358
<i>Total Cash Receipts</i>	<u>1,999,851</u>	<u>13,605</u>	<u>2,108,020</u>	<u>4,121,476</u>
<b>Cash Disbursements</b>				
Current Disbursements:				
Salaries - Employees	631,533			631,533
Supplies and Materials	50,382	6,688		57,070
Contracts - Repair	16,269			16,269
Contracts - Services	275,202	19,819		295,021
Grants	9,269			9,269
Rentals	1,150			1,150
Advertising and Printing	12,563			12,563
Travel	8,994			8,994
Ohio Public Employee's Retirement	93,631			93,631
Workers' Compensation	17,134			17,134
Unemployment Compensation	3,981			3,981
Other Fringe Benefits	91,734			91,734
Program Expenditures	2,670			2,670
Utilities	31,207			31,207
Other Expenses	77,955	40		77,995
Capital Outlay	187,969	20,132	2,108,020	2,316,121
Debt Service:				
Principal Retirement	89,000			89,000
Interest and Fiscal Charges	22,320			22,320
<i>Total Cash Disbursements</i>	<u>1,622,963</u>	<u>46,679</u>	<u>\$2,108,020</u>	<u>3,777,662</u>
<i>Net Change in Fund Cash Balances</i>	376,888	(33,074)		343,814
<i>Fund Cash Balances, January 1</i>	<u>287,278</u>	<u>73,801</u>		<u>361,079</u>
<b>Fund Cash Balances, December 31</b>				
Committed		40,727		40,727
Unassigned	664,166			664,166
<i>Fund Cash Balances, December 31</i>	<u>\$664,166</u>	<u>\$40,727</u>		<u>\$704,893</u>

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

**ERIE METROPARKS  
ERIE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$1,360,644			\$1,360,644
Intergovernmental	472,924	\$7,907	\$1,369,853	1,850,684
Earnings on Investments	1,223	12		1,235
Gifts and Donations	4,793	14,074	777,055	795,922
Fees	38,878			38,878
Sales	10,724			10,724
Rentals and Leases	38,607			38,607
Miscellaneous	19,651			19,651
<i>Total Cash Receipts</i>	<u>1,947,444</u>	<u>21,993</u>	<u>2,146,908</u>	<u>4,116,345</u>
<b>Cash Disbursements</b>				
Current Disbursements:				
Salaries - Employees	706,515			706,515
Supplies and Materials	67,077	2,040		69,117
Contracts - Repair	16,081			16,081
Contracts - Services	371,926	4,995		376,921
Grants	15,731			15,731
Rentals	1,000			1,000
Advertising and Printing	11,838			11,838
Travel	10,460			10,460
Ohio Public Employee's Retirement	109,460			109,460
Workers' Compensation	17,872			17,872
Unemployment Compensation	3,340			3,340
Other Fringe Benefits	118,428			118,428
Program Expenditures	4,809			4,809
Utilities	36,744			36,744
Other Expenses	42,764	800,000		842,764
Capital Outlay	355,767	33,008	2,229,790	2,618,565
<i>Total Cash Disbursements</i>	<u>1,889,812</u>	<u>840,043</u>	<u>2,229,790</u>	<u>4,959,645</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>57,632</u>	<u>(818,050)</u>	<u>(82,882)</u>	<u>(843,300)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds		800,000		800,000
Transfers In			12,882	12,882
Transfers Out	(12,882)			(12,882)
Other Financing Sources	11,332		226,553	237,885
Other Financing Uses			(156,553)	(156,553)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,550)</u>	<u>800,000</u>	<u>\$82,882</u>	<u>881,332</u>
<i>Net Change in Fund Cash Balances</i>	56,082	(18,050)		38,032
<i>Fund Cash Balances, January 1</i>	<u>231,196</u>	<u>91,851</u>		<u>323,047</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		11,664		11,664
Committed		62,137		62,137
Unassigned	287,278			287,278
<i>Fund Cash Balances, December 31</i>	<u>\$287,278</u>	<u>\$73,801</u>		<u>\$361,079</u>

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



**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Erie MetroParks, Erie County, Ohio (the MetroPark), as a body corporate and politic. The probate judge of Erie County appoints a three-member Board of Commissioners to govern the MetroPark. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

The MetroPark participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 8 to the financial statements provide additional information for this entity. This organization provides property and casualty coverage for its members.

The MetroPark participates in the North Coast Regional Council of Park Districts, a jointly governed organization. Note 10 to the financial statements provide additional information for this entity. This organization 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.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The MetroPark recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The MetroPark had the following significant Special Revenue Funds:

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

Donations Fund – This fund receives donations to support various MetroPark programs and activities.

JMA Project Fund – This fund receives grant monies disbursed on behalf of Bowling Green State University for the James H. McBride Arboretum located at the Firelands branch of Bowling Green State University.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The MetroPark had the following significant Capital Project Fund:

Acquisition Fund – This fund receives grants and contributions to be used towards the purchase of land.

**D. Budgetary Process**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The MetroPark Board 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 MetroPark 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 2012 and 2011 budgetary activity appears in Note 4.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the MetroPark must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The MetroPark classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The MetroPark must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by MetroPark Commissioners or a MetroPark official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The MetroPark applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

The MetroPark records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. CHANGE IN ACCOUNTING PRINCIPLE**

For 2011, the MetroPark implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**3. EQUITY IN POOLED DEPOSITS**

The MetroPark maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2012	2011
Demand deposits	\$35,209	\$11,948
Other time deposits (savings accounts)	669,684	349,131
Total deposits	\$704,893	\$361,079

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the MetroPark.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,057,393	\$1,999,851	(\$57,542)
Special Revenue	15,250	13,605	(1,645)
Capital Projects	2,042,500	2,108,020	65,520
Total	\$4,115,143	\$4,121,476	\$6,333

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,716,054	\$1,622,963	\$93,091
Special Revenue	77,664	46,679	30,985
Capital Projects	2,108,020	2,108,020	
Total	\$3,901,738	\$3,777,662	\$124,076

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,945,445	\$1,958,776	\$13,331
Special Revenue	823,157	821,993	(1,164)
Capital Projects	2,463,188	2,386,343	(76,845)
Total	\$5,231,790	\$5,167,112	(\$64,678)

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,146,871	\$1,902,694	\$244,177
Special Revenue	915,008	840,043	74,965
Capital Projects	2,463,188	2,386,343	76,845
Total	\$5,525,067	\$5,129,080	\$395,987

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 County.

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 MetroPark.

**6. DEBT**

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Judgment Bonds	\$711,000	2.79%

The MetroPark issued judgment bonds to finance the final judgment in the Huron River Greenway litigation. The bonds will be paid in annual installments, including interest, over a period of nine years. The bonds are collateralized by all legally available funds of the MetroPark. The interest rate on the bonds are subject to change every three years.

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

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. DEBT (Continued)**

Year ending December 31:	Judgment Bonds
2013	\$108,840
2014	106,354
2015	103,871
2016	101,388
2017	98,905
2018-2020	280,815
Total	<u>\$800,173</u>

**7. RETIREMENT SYSTEM**

The MetroPark's full time certified park managers and rangers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System - General (OPERS-G). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS-LE members contributed 12.1 and 11.6%, respectively, of their gross salaries and the MetroPark contributed an amount equaling 18.1% of participants' gross salaries. For 2012 and 2011, OPERS-G members contributed 10% of their gross salaries and the MetroPark contributed an amount equaling 14% of participants' gross salaries. The MetroPark has paid all contributions required through December 31, 2012.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

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

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

The MetroPark belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the MetroPark's share of these unpaid claims collectible in future years is approximately \$36,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>		
<u>2012</u>	<u>2011</u>	<u>2010</u>
\$46,290	\$38,951	\$41,669

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**ERIE METROPARKS  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**9. CONTINGENT LIABILITIES**

The MetroPark is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the MetroPark's financial condition.

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

**10. JOINTLY GOVERNED ORGANIZATION**

The 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 (The Council) 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 Council is a jointly governed organization which currently includes Lorain County Metropolitan Park District, Erie Metropolitan Parks, Medina County Park District, Wood County Park District, and Sandusky County Park District. 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 Park District made no contributions to the Council during 2012 and 2011. Financial statements can be obtained from Bonnie Burns, Treasurer at 12882 Diagonal Road, LaGrange, Ohio 44050.





# Dave Yost • Auditor of State

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

Erie MetroParks  
Erie County  
3910 Perkins Avenue  
Huron, Ohio 44839-1059

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Erie MetroParks, Erie County, Ohio (the MetroPark), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 26, 2013 wherein we noted the MetroPark followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and wherein we noted the MetroPark adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the MetroPark's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the MetroPark's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the MetroPark's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the MetroPark'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, opining 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*.

***Entity's Response to Findings***

The MetroPark's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the MetroPark's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the MetroPark's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the MetroPark's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

April 26, 2013

**ERIE METROPARKS  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Material Weakness – Financial Reporting**

We identified the following items requiring adjustment to the financial statements for the year ending December 31, 2011:

- The Nature Works and Acquisition funds were improperly classified as Special Revenue funds. All financial activity, including budgeted receipts and disbursements, of these funds has been reclassified to the Capital Projects fund type;
- The Donations fund balance of \$62,137 of has been reclassified from Unassigned to Committed under GASB 54 due to the implied constraint imposed by the donors;
- The proceeds of \$800,000 in judgment bonds were improperly classified as Other Receipts;
- The receipt of \$800,000 of judgment bonds and subsequent payment to plaintiffs was incorrectly recorded in the Bond Retirement fund. This activity, including budgeted receipts and disbursements, has been reclassified to a Special Revenue fund;
- Other Financing Uses in the amount of \$156,553 were incorrectly classified as Principal Retirement in the Acquisition fund; and
- Estimated receipts in the General and Special Revenue fund types have been decreased in the amounts of \$231,196 and \$78,824, respectively, in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts.

We also identified the following items requiring adjustment to the financial statements for the year ending December 31, 2012:

- The Acquisition fund was improperly classified as a Special Revenue. All financial activity of this fund, including budgeted receipts and disbursements, has been reclassified to the Capital Projects fund type;
- The Donations fund balance of \$42,482 has been reclassified from Unassigned to Committed under GASB 54 due to the implied constraint imposed by the donors;
- Transfers from the General fund to the Bond Retirement fund and corresponding Debt Service payments, including budgeted receipts and disbursements, in the amount of \$111,320 have been eliminated and accounted for as Principal Retirement and Interest in Fiscal Charges in the amounts of \$89,000 and \$22,320, respectively, in the General fund;
- Capital Projects fund type appropriations have been increased in the amount of \$65,520 in order to bring the amount reported in the notes to the financial statements in line with the authorized budget amount; and

**FINDING NUMBER 2012-001  
(Continued)**

- Estimated receipts in the General and Special Revenue fund types have been decreased in the amounts of \$282,485 and \$78,594, respectively, in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts.
- Additionally, in 2012 the MetroPark was the beneficiary of \$65,520 of Ohio Public Work Commission (OPWC) grant monies sent directly to the vendor by OPWC. The Financial Administrator did not the receipts and disbursements of this activity. Auditor of State Bulletins 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements in a capital project fund when the MetroPark applies for a project and has administrative responsibilities. The accompanying financial statements have been adjusted to properly reflect these amounts in the Capital Projects fund type.

Sound financial reporting is the responsibility of the Financial Administrator and the Board of Park Commissioners and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the MetroPark's financial statements and notes to the statements are complete and accurate, the MetroPark should adopt policies and procedures, including a final review of the statements and notes by the Financial Administrator and the Board of Park Commissioners, to identify and correct errors and omissions. The Financial Administrator can review Auditor of State Bulletins 2000-008 and 2002-004 for accounting guidance for certain on-behalf-of grants or improvement projects.

**Officials' Response:**

The MetroPark contacted the Local Government Services section of the Auditor of State prior to closing calendar year 2012 in order to discuss the impact GASB 54 would have on the MetroPark's financial reporting, including the classification of certain funds and the classification of certain donation receipts. However these discussions did not address all possible matters. The additional items noted during the current audit have been corrected in our system and moving forward will be presented accurately in accordance with the applicable standards.



# Dave Yost • Auditor of State

**ERIE METRO PARKS**

**ERIE 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 14, 2013**