



**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

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Auditor of State Betty Montgomery

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, and the major fund of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cleveland Zoological Society, a discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cleveland Zoological Society is based on the report of the other auditor.

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 financial statements of the Cleveland Zoological Society were not audited in accordance with *Government Auditing Standards*, but were audited in accordance with auditing standards generally accepted in the United States of America. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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, and the major fund of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is a not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

August 25, 2006

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2005 and 2004

(With Comparative Amounts for 2003)

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, 2005, 2004 and 2003. 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 2005 are as follows:

- In total, Net Assets increased \$23,201,783 or more than 15 percent from 2004, primarily attributable to an increase in current assets as a result of additional operating revenue related to the passage of the 1.8 mill replacement levy in 2004.
- Total Liabilities increased by \$1,818,087 or 3.1 percent from 2004, a nominal increase when considering the total increase in net assets as described above.
- The District had \$58,112,029 in expenses. These expenses were offset by program specific charges for services, operating and capital grants and contributions, in the amount of \$15,652,135, along with \$65,661,677 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 a net (expense) revenue and 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.

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.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2005 and 2004

(With Comparative Amounts for 2003)

Unaudited

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 fourteen-member executive committee. 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 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.

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, 2005 and 2004
(With Comparative Amounts for 2003)
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 2005 compared to 2004 and 2003.

	Table 1 Net Assets		
	2005	2004	2003
Assets			
Current and Other Assets	\$83,102,156	\$68,882,491	\$62,017,469
Nondepreciable Capital Assets	37,249,985	38,416,116	39,918,504
Depreciable Capital Assets	<u>114,573,569</u>	<u>102,607,233</u>	<u>95,044,156</u>
<i>Total Assets</i>	<u>234,925,710</u>	<u>209,905,840</u>	<u>196,980,129</u>
Liabilities			
Current and Other Liabilities	56,178,066	54,399,218	40,400,340
Long-Term Liabilities:			
Due Within One Year	395,679	456,438	803,283
Due in More than One Year	<u>4,544,936</u>	<u>4,444,938</u>	<u>3,841,946</u>
<i>Total Liabilities</i>	<u>61,118,681</u>	<u>59,300,594</u>	<u>45,045,569</u>
Net Assets			
Invested in Capital Assets	151,823,554	141,023,349	134,962,660
Unrestricted	<u>21,983,475</u>	<u>9,581,897</u>	<u>16,971,900</u>
<i>Net Assets</i>	<u>\$173,807,029</u>	<u>\$150,605,246</u>	<u>\$151,934,560</u>

The \$23,201,783 increase in 2005 net assets is primarily attributed to the increase in total revenue offset by the increase in total liabilities (see Table 1). On the Statement of Net Assets, cash and cash equivalents increased by \$8,838,426 for 2005. The main increases were due to the additional tax revenue of \$17,878,409 as illustrated on Table 2. This increase is primarily attributable to the new 1.8 mill replacement levy passed in November of 2004.

Liabilities in 2005 increased by \$1,818,087 from 2004 due to normally encountered liabilities increasing as a result of the new replacement levy passed in 2004.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(With Comparative Amounts for 2003)
Unaudited

Table 2 shows the changes in net assets for the years ended December 31, 2005, 2004 and 2003.

Table 2 Changes in Net Assets			
	2005	2004	2003
Revenues			
Program Revenues			
Charges for Services	\$12,866,442	\$13,612,949	\$14,463,141
Operating Grants and Contributions	919,547	472,840	518,333
Capital Grants and Contributions	1,866,146	227,668	3,828,063
Total Program Revenues	15,652,135	14,313,457	18,809,537
General Revenues			
Property Taxes	51,680,119	33,801,710	34,411,520
Grants and Entitlements	12,225,924	6,878,708	6,174,217
Investment Earnings	616,503	203,684	250,208
Miscellaneous	1,139,131	212,545	238,114
Total General Revenues	65,661,677	41,096,647	41,074,059
<i>Total Revenues</i>	81,313,812	55,410,104	59,883,596
Program Expenses			
Park Operations	20,158,786	18,778,385	19,802,850
Zoo Operations	15,861,777	15,988,629	17,663,078
Golf Course	5,782,194	6,209,354	5,438,719
Ranger Department	6,393,974	6,855,859	6,010,583
Administration	9,915,298	8,907,191	9,485,351
<i>Total Program Expenses</i>	58,112,029	56,739,418	58,400,581
<i>Change in Net Assets</i>	23,201,783	(1,329,314)	1,483,015
<i>Net Assets Beginning of Year</i>	150,605,246	151,934,560	150,451,545
<i>Net Assets End of Year</i>	\$173,807,029	\$150,605,246	\$151,934,560

Several revenue sources fund our District. Property tax is the biggest contributor and accounted for 63.6 percent of gross revenue in 2005, compared to 61.0 in 2004 and 57.5 in 2003. 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 2005, Grants and Entitlements increased \$5,347,216 primarily attributable to additional grant revenue secured by Cleveland Metroparks.

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 2005 accounted for \$12,866,442, which is 15.8 percent of gross revenue, compared to \$13,612,949 or 24.6 percent of gross revenue in 2004 and \$14,463,141 or 24.2 percent of gross revenue in 2003. The percentage for 2005 is considerably lower due to the total additional tax revenue increasing gross revenues.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2005 and 2004

(With Comparative Amounts for 2003)

Unaudited

The expense of park operations, including outdoor education, represented 34.7 percent of our total program expenses during 2005, compared to 33.1 percent in 2004 and 33.9 percent in 2003. Maintenance of the fifteen park reservations, connecting roads and trails represent a significant part of this expense.

In 2005, zoo operation expenses amounted to \$15,861,777 of the total program expenses or 27.3 percent of program expenses, compared to \$15,988,629 or 28.2 percent in 2004 and \$17,663,078 or 30.2 percent in 2003.

The District has six golf courses. Of the six courses, two have nine holes, one has thirty-six holes, and three have eighteen holes. Golf course operations amounted to \$5,782,194 of the total program expenses of the District, or 10.0 percent, in 2005, compared to \$6,209,354 or 10.9 percent in 2004 and \$5,438,719 or 9.3 percent in 2003.

The ranger department continues to monitor and provide safety for District visitors and facilities. The ranger department accounts for \$6,393,974 of the total program expense or 11.0 percent of the total in 2005, compared to \$6,855,859 or 12.1 percent in 2004 and \$6,010,585 or 10.3 percent in 2003.

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 \$77,503,461 and expenditures of \$68,933,009. Revenues increased by \$22,170,752 primarily attributable to the replacement levy passed in November 2004. Expenditures increased by \$6,362,604 primarily due to general operating expenditure increases as compared with 2004, which contained significant budget reductions.

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 2005 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 \$76,477,118; final budget amount was \$76,845,704 and the actual revenue was \$76,583,677. The major factors contributing to the increase of actual revenues over original budgeted revenues were increased property taxes.

Cleveland Metropolitan Park District, Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(With Comparative Amounts for 2003)
Unaudited

Capital Assets

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

	2005	2004	2003
Land	\$30,334,347	\$27,402,390	\$26,505,191
Construction in Progress	6,915,638	11,013,726	13,413,313
Buildings	70,835,860	61,408,418	52,749,992
Machinery and Equipment	5,391,486	4,788,663	5,167,062
Vehicles	2,782,899	2,779,909	3,168,415
Infrastructure:			
Bridges	14,031,734	12,641,769	13,013,851
Fords	1,479,293	1,524,507	1,569,721
Roads	6,862,688	7,050,714	6,235,294
All Purpose Trails	11,029,890	10,123,147	10,658,262
Golf Course Cart Paths	380,138	367,761	402,496
Other Paved Areas	1,779,581	1,922,345	2,079,063
<i>Totals</i>	<u>\$151,823,554</u>	<u>\$141,023,349</u>	<u>\$134,962,660</u>

The increase in capital assets of \$10,800,205 in 2005 and \$6,060,689 in 2004 was attributable to additional construction projects and park road projects. During 2005, the towpath pedestrian bridges were substantially completed, as well as the completion of our Big Met club house. A number of bridge rehabilitation projects were completed also. See note 8 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 40.4 percent in 2005.

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 13 consecutive fiscal years beginning January 1, 1993 through December 31, 2005.

Cleveland Metropolitan Park District, Cuyahoga County

Management's Discussion and Analysis

For the Years Ended December 31, 2005 and 2004

(With Comparative Amounts for 2003)

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 Robert L. Miller, Treasurer, Cleveland Metropolitan Park District, 4101 Fulton Parkway, Cleveland, Ohio 44144, or by email at rlm@clevelandmetroparks.com.

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Cleveland Metropolitan Park District, Cuyahoga County

Statement of Net Assets

For the Years Ended December 31, 2005 and 2004

	Primary Government		Component Unit	
	Governmental Activities		Cleveland Zoological Society	
	2005	2004	2005	2004
Assets				
Cash and Cash Equivalents	\$16,900,247	\$8,061,821	\$2,623,246	\$3,120,106
Cash and Cash Equivalents:				
In Segregated Accounts	10,956	0	0	0
With Fiscal Agents	248,509	402,338	0	0
Investments	0	0	4,598,858	3,649,968
Charitable Gift Annuities	0	0	90,923	74,912
Charitable Remainder Trust	0	0	165,070	169,220
Materials and Supplies Inventory	1,016,223	959,020	0	0
Accrued Interest Receivable	34,671	0	0	0
Beneficial Interest in Perpetual Trusts	0	0	516,360	519,417
Accounts Receivable	74,427	17,919	0	0
Pledges Receivable	0	0	326,775	522,711
Due from Zoological Society	638,306	616,691	0	0
Intergovernmental Receivable	6,019,534	3,054,822	0	5,300
Prepaid Items	55,893	50,201	31,165	41,870
Taxes Receivable	58,103,390	55,719,679	0	0
Nondepreciable Capital Assets	37,249,985	38,416,116	0	0
Depreciable Capital Assets, Net	114,573,569	102,607,233	64,351	60,381
<i>Total Assets</i>	<u>234,925,710</u>	<u>209,905,840</u>	<u>8,416,748</u>	<u>8,163,885</u>
Liabilities				
Accounts Payable	654,366	863,726	45,017	56,512
Contracts Payable	1,380,855	45,570	0	0
Accrued Wages	563,094	561,041	0	0
Matured Compensated Absences Payable	24,233	4,887	0	0
Due to Primary Government	0	0	638,306	616,691
Retainage Payable	248,509	402,338	0	0
Intergovernmental Payable	335,665	291,725	0	0
Split Interest Agreements Payable	0	0	128,384	119,500
Deferred Revenue	52,971,344	52,229,931	0	0
Long-Term Liabilities:				
Due Within One Year	395,679	456,438	0	0
Due In More Than One Year	4,544,936	4,444,938	0	0
<i>Total Liabilities</i>	<u>61,118,681</u>	<u>59,300,594</u>	<u>811,707</u>	<u>792,703</u>
Net Assets				
Invested in Capital Assets	151,823,554	141,023,349	64,351	60,381
Restricted for				
Educational and Conservation Grants	0	0	427,067	457,075
Animal Purchases	0	0	0	4,157
Marketing Sponsorships	0	0	157,064	136,275
Charitable Remainder Trust	0	0	105,037	88,705
Neotropical Research	0	0	61,315	71,435
Endowment Funds	0	0	563,360	566,417
Unrestricted	21,983,475	9,581,897	6,226,847	5,986,737
<i>Total Net Assets</i>	<u>\$173,807,029</u>	<u>\$150,605,246</u>	<u>\$7,605,041</u>	<u>\$7,371,182</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Activities

For the Years Ended December 31, 2005 and 2004

2005

	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	\$20,158,786	\$1,040,646	\$397,360	\$1,865,141	(\$16,855,639)	\$0
Zoo Operations	15,861,777	6,170,397	374,940	0	(9,316,440)	0
Golf Course	5,782,194	5,570,313	8,650	0	(203,231)	0
Ranger Department	6,393,974	85,086	0	0	(6,308,888)	0
Administration	9,915,298	0	138,597	1,005	(9,775,696)	0
<i>Total Primary Government</i>	<u>\$58,112,029</u>	<u>\$12,866,442</u>	<u>\$919,547</u>	<u>\$1,866,146</u>	<u>(42,459,894)</u>	<u>0</u>
Component Unit						
Cleveland Zoological Society	<u>\$4,707,734</u>	<u>\$0</u>	<u>\$587,767</u>	<u>\$163,060</u>	<u>0</u>	<u>(3,956,907)</u>
General Revenues						
Property Taxes					51,680,119	0
Grants and Entitlements not Restricted to Specific Programs					12,225,924	0
Investment Earnings					616,503	358,590
Unrestricted Contributions					0	3,090,558
Miscellaneous					1,139,131	741,618
<i>Total General Revenues</i>					<u>65,661,677</u>	<u>4,190,766</u>
Change in Net Assets					23,201,783	233,859
<i>Net Assets Beginning of Year</i>					<u>150,605,246</u>	<u>7,371,182</u>
<i>Net Assets End of Year</i>					<u>\$173,807,029</u>	<u>\$7,605,041</u>

See accompanying notes to the basic financial statements

(continued)

Cleveland Metropolitan Park District, Cuyahoga County

Statement of Activities

For the Years Ended December 31, 2005 and 2004

2004

	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	\$18,778,385	\$975,305	\$97,549	\$0	(\$17,705,531)	\$0
Zoo Operations	15,988,629	7,137,528	136,736	227,668	(8,486,697)	0
Golf Course	6,209,354	5,447,737	0	0	(761,617)	0
Ranger Department	6,855,859	52,379	1,560	0	(6,801,920)	0
Administration	8,907,191	0	236,995	0	(8,670,196)	0
<i>Total Primary Government</i>	<u>\$56,739,418</u>	<u>\$13,612,949</u>	<u>\$472,840</u>	<u>\$227,668</u>	<u>(42,425,961)</u>	<u>0</u>
Component Unit						
Cleveland Zoological Society	<u>\$4,687,757</u>	<u>\$0</u>	<u>\$790,139</u>	<u>\$178,865</u>	<u>0</u>	<u>(3,718,753)</u>
General Revenues						
Property Taxes					33,801,710	0
Grants and Entitlements not Restricted to Specific Programs					6,878,708	0
Investment Earnings					203,684	343,051
Unrestricted Contributions					0	3,063,126
Miscellaneous					212,545	692,107
<i>Total General Revenues</i>					<u>41,096,647</u>	<u>4,098,284</u>
Change in Net Assets					(1,329,314)	379,531
<i>Net Assets Beginning of Year</i>					<u>151,934,560</u>	<u>6,991,651</u>
<i>Net Assets End of Year</i>					<u>\$150,605,246</u>	<u>\$7,371,182</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Balance Sheet

Governmental Fund

For the Years Ended December 31, 2005 and 2004

	2005	2004
	General Fund	General Fund
Assets		
Cash and Cash Equivalents	\$16,900,247	\$8,061,821
Cash and Cash Equivalents:		
In Segregated Accounts	10,956	0
With Fiscal Agents	248,509	402,338
Materials and Supplies Inventory	1,016,223	959,020
Accrued Interest Receivable	34,671	0
Accounts Receivable	74,427	17,919
Due from Component Unit	638,306	616,691
Intergovernmental Receivable	6,019,534	3,054,822
Prepaid Items	55,893	50,201
Taxes Receivable	58,103,390	55,719,679
<i>Total Assets</i>	<u>\$83,102,156</u>	<u>\$68,882,491</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$654,366	\$863,726
Contracts Payable	1,380,855	45,570
Accrued Wages	563,094	561,041
Matured Compensated Absences Payable	24,233	4,887
Retainage Payable	248,509	402,338
Intergovernmental Payable	335,665	291,725
Deferred Revenue	62,992,610	58,440,846
<i>Total Liabilities</i>	<u>66,199,332</u>	<u>60,610,133</u>
Fund Balance		
Reserved for Encumbrances	903,269	905,936
Unreserved, Undesignated	15,999,555	7,366,422
<i>Total Fund Balance</i>	<u>16,902,824</u>	<u>8,272,358</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$83,102,156</u>	<u>\$68,882,491</u>

See accompanying notes to the basic financial statements

Cleveland Metropolitan Park District, Cuyahoga County

Reconciliation of Governmental Fund Balances to

Net Assets of Governmental Activities

December 31, 2005 and 2004

	2005	2004
Total Governmental Fund Balances	\$16,902,824	\$8,272,358
<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.	151,823,554	141,023,349
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund:		
Intergovernmental	4,889,220	2,721,167
Property and Other Taxes	<u>5,132,046</u>	<u>3,489,748</u>
Total	10,021,266	6,210,915
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.	<u>(4,940,615)</u>	<u>(4,901,376)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$173,807,029</u>	<u>\$150,605,246</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, 2005 and 2004

	2005	2004
Revenues		
Property Taxes	\$50,037,821	\$33,975,387
Intergovernmental	11,515,633	6,628,116
Donations and Sponsors	1,327,931	700,508
Interest	616,503	203,684
Golf Receipts	5,570,313	5,447,307
Zoo Receipts	6,170,397	7,137,528
Park Receipts	1,040,646	975,255
Damages and Fines	85,086	52,379
Miscellaneous	1,139,131	212,545
<i>Total Revenues</i>	<u>77,503,461</u>	<u>55,332,709</u>
Expenditures		
Current:		
Park Operations	16,658,828	14,613,128
Zoo Operations	15,455,102	13,309,315
Golf Course	5,788,395	5,104,129
Ranger Department	6,355,757	6,042,763
Administration	9,779,131	8,539,874
Capital Outlay	14,895,796	14,961,196
<i>Total Expenditures</i>	<u>68,933,009</u>	<u>62,570,405</u>
<i>Excess of Expenditures Over (Under) Revenues</i>	8,570,452	(7,237,696)
Other Financing Sources		
Proceeds from Sale of Capital Assets	60,014	26,445
<i>Net Change in Fund Balance</i>	8,630,466	(7,211,251)
<i>Fund Balance Beginning of Year</i>	<u>8,272,358</u>	<u>15,483,609</u>
<i>Fund Balance End of Year</i>	<u><u>\$16,902,824</u></u>	<u><u>\$8,272,358</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, 2005 and 2004*

	2005	2004
Net Change in Fund Balances - Total Governmental Fund	\$8,630,466	(\$7,211,251)
<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	17,502,880	11,957,584
Current Year Depreciation	<u>(6,474,905)</u>	<u>(5,465,154)</u>
Total	11,027,975	6,492,430
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.	(227,770)	(431,741)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Intergovernmental	2,168,053	251,072
Delinquent Property Taxes	<u>1,642,298</u>	<u>(173,677)</u>
Total	3,810,351	77,395
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	<u>(39,239)</u>	<u>(256,147)</u>
<i>Change in Net Assets</i>	<u>\$23,201,783</u>	<u>(\$1,329,314)</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, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property Taxes	\$49,708,421	\$49,976,541	\$50,037,821	\$61,280
Intergovernmental	11,150,227	11,168,170	10,719,165	(449,005)
Donations and Sponsors	1,797,858	1,813,535	1,327,931	(485,604)
Interest	398,083	400,000	582,457	182,457
Golf Receipts	5,754,350	5,782,062	5,516,262	(265,800)
Zoo Receipts	6,086,596	6,115,908	6,179,093	63,185
Park Receipts	1,058,977	1,064,077	1,026,146	(37,931)
Damages and Fines	83,597	84,000	69,566	(14,434)
Miscellaneous	439,009	441,411	1,125,236	683,825
<i>Total Revenues</i>	<u>76,477,118</u>	<u>76,845,704</u>	<u>76,583,677</u>	<u>(262,027)</u>
Expenditures				
Current:				
Park Operations	19,337,048	19,448,517	16,248,500	3,200,017
Zoo Operations	16,261,083	16,354,820	15,930,564	424,256
Golf Course	5,944,137	5,978,402	5,749,062	229,340
Ranger Department	9,355,908	6,391,989	6,391,989	0
Administration	10,488,324	10,552,923	9,725,217	827,706
Capital Outlay	18,187,286	18,292,685	16,647,001	1,645,684
<i>Total Expenditures</i>	<u>79,573,786</u>	<u>77,019,336</u>	<u>70,692,333</u>	<u>6,327,003</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,096,668)	(173,632)	5,891,344	6,064,976
Other Financing Sources				
Proceeds from Sale of Capital Assets	<u>60,014</u>	<u>60,014</u>	<u>60,014</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,036,654)	(113,618)	5,951,358	6,064,976
<i>Fund Balance Beginning of Year</i>	6,540,193	6,540,193	6,540,193	0
Prior Year Encumbrances Appropriated	<u>1,663,533</u>	<u>1,663,533</u>	<u>1,663,533</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,167,072</u>	<u>\$8,090,108</u>	<u>\$14,155,084</u>	<u>\$6,064,976</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, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$33,377,723	\$33,959,576	\$33,975,387	\$15,811
Intergovernmental	6,609,040	6,631,250	6,627,636	(3,614)
Donations and Sponsors	2,400,360	2,454,063	2,079,118	(374,945)
Interest	107,140	108,803	206,434	97,631
Golf Receipts	5,416,752	5,500,809	5,450,298	(50,511)
Zoo Receipts	6,749,198	6,853,932	7,128,950	275,018
Park Receipts	1,030,963	1,046,962	974,999	(71,963)
Damages and Fines	87,148	88,500	97,139	8,639
Miscellaneous	167,021	170,023	213,032	43,009
<i>Total Revenues</i>	<u>55,945,345</u>	<u>56,813,918</u>	<u>56,752,993</u>	<u>(60,925)</u>
Expenditures				
Current:				
Park Operations	17,142,759	17,252,582	16,017,716	1,234,866
Zoo Operations	15,300,805	15,398,828	14,931,083	467,745
Golf Course	5,462,682	5,497,678	5,251,710	245,968
Ranger Department	6,192,273	6,231,507	6,231,507	0
Administration	9,658,261	9,685,532	9,291,803	393,729
Capital Outlay	17,247,328	17,358,256	15,673,027	1,685,229
<i>Total Expenditures</i>	<u>71,004,108</u>	<u>71,424,383</u>	<u>67,396,846</u>	<u>4,027,537</u>
<i>Excess of Revenues Under Expenditures</i>	(15,058,763)	(14,610,465)	(10,643,853)	3,966,612
Other Financing Sources				
Proceeds from Sale of Capital Assets	26,445	26,445	26,445	0
<i>Net Change in Fund Balance</i>	(15,032,318)	(14,584,020)	(10,617,408)	3,966,612
<i>Fund Balance Beginning of Year</i>	9,736,986	9,736,986	9,736,986	0
Prior Year Encumbrances Appropriated	7,420,615	7,420,615	7,420,615	0
<i>Fund Balance End of Year</i>	<u>\$2,125,283</u>	<u>\$2,573,581</u>	<u>\$6,540,193</u>	<u>\$3,966,612</u>

See accompanying notes to the basic financial statements

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Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004

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 ten-member 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 its mission is 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. 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, 2005 and 2004 is presented in Note 16.

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004*

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.

B. 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2005 and 2004

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.

C. 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.

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 6). 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2005 and 2004

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.

D. Cash and Cash Equivalents

The District utilizes a fiscal agent to hold retainage on construction contracts. The balances of these accounts are presented on the combined balance sheet as “cash and cash equivalents with fiscal agents”.

During 2005 and 2004, 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 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 \$616,503 during 2005 and \$203,684 during 2004.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, 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.

G. 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 governmental funds. 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

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

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.

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

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, 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.

I. 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

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.

J. 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.

K. 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.

L. 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.

M. 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

Note 3 – Changes in Accounting Principles

For 2005, the District has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” and GASB Statement No. 42 “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.” For comparative purposes, the District presented GASB Statement No. 40, for 2004.

GASB Statement No. 40 establishes new disclosure requirements for risk associated with deposits and investments.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries. The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the District.

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, 2005 and 2004.

Net Change in Fund Balance	2005	2004
GAAP Basis	\$8,630,466	(\$7,211,251)
Net Adjustment for Revenue Accruals	(919,784)	1,420,284
Net Adjustment for Expenditure Accruals	1,117,287	(3,162,908)
Encumbrances	(2,876,611)	(1,663,533)
Budget Basis	\$5,951,358	(\$10,617,408)

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004*

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.

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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2005 and 2004

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, 2005, \$4,028,197 of the District's bank balance of \$4,628,291 were collateralized and uninsured. At December 31, 2004, \$1,341,161 of the District's bank balance of \$1,723,359 were collateralized and uninsured. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by 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:

	2005		2004	
	Fair Value	Maturity	Fair Value	Maturity
Repurchase Agreement	\$903,000	February 2, 2006	\$725,000	January 5, 2005
STAROhio	12,539,644	39 days average	6,773,738	39 days average
Total	<u>\$13,442,644</u>		<u>\$7,498,738</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 AAAM 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

Note 6 - 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 2005 and 2004 for real and public utility property taxes represents collections of 2004 and 2003 taxes, respectively. Property tax payments received during 2005 and 2004 for tangible personal property (other than public utility property) are for 2005 and 2004 taxes.

2005 and 2004 real property taxes are levied after October 1, 2005 and 2004 on the assessed value as of January 1, 2005 and 2004, the lien dates. Assessed values are established by State law at 35 percent of appraised market value. 2005 and 2004 real property taxes are collected in and intended to finance 2006 and 2005, respectively.

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. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. 2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory during 2005. During 2004, inventory was 23 percent of true value.

The full tax rate for all District operations for the years ended December 31, 2005 and 2004 was \$1.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

2005:

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$27,318,158,170	\$244,578,510
Public Utility Property	944,717,180	4,953,150
Tangible Personal Property	<u>2,384,696,811</u>	<u>5,659,118</u>
Total Assessed Value	<u>\$30,647,572,161</u>	<u>\$255,190,778</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

2004:

	<u>Cuyahoga County</u>	<u>Medina County</u>
Real Property	\$24,999,197,910	\$219,362,700
Public Utility Property	947,985,820	5,159,320
Tangible Personal Property	<u>2,808,829,642</u>	<u>5,738,924</u>
Total Assessed Value	<u>\$28,756,013,372</u>	<u>\$230,260,944</u>

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.

Tangible personal property taxes paid by multi-county taxpayers are due by 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 at September 20.

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, 2005 and 2004 and for 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 2005 and 2004 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 7 - Receivables

Receivables at December 31, 2005 and 2004 primarily consisted of property taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible. The principal items of intergovernmental receivables are entitlements and shared revenues.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

Note 8 - Capital Assets

A summary of changes in capital assets during 2004 and 2005 follows:

	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$27,402,390	\$2,931,957	\$0	\$30,334,347
Construction in Progress	11,013,726	4,676,482	(8,774,570)	6,915,638
<i>Total Capital Assets, Not Being Depreciated</i>	<u>38,416,116</u>	<u>7,608,439</u>	<u>(8,774,570)</u>	<u>37,249,985</u>
Capital Assets, Being Depreciated				
Buildings	83,999,226	11,508,623	0	95,507,849
Machinery and Equipment	12,236,943	1,583,849	(716,688)	13,104,104
Vehicles	7,794,649	729,469	(398,471)	8,125,647
Infrastructure				
Bridges	19,127,528	2,790,769	(93,124)	21,825,173
Fords	1,809,757	6,000	0	1,815,757
Dams	85,000	0	0	85,000
Roads	11,452,076	351,349	(664,599)	11,138,826
All Purpose Trails	15,999,488	1,652,871	(1,076,911)	16,575,448
Golf Course Cart Paths	694,693	46,081	(20,610)	720,164
Other Paved Areas	3,134,356	0	(279,071)	2,855,285
<i>Total Capital Assets, Being Depreciated</i>	<u>156,333,716</u>	<u>18,669,011</u>	<u>(3,249,474)</u>	<u>171,753,253</u>
<i>Total Capital Assets, Governmental Activities</i>	<u>194,749,832</u>	<u>26,277,450</u>	<u>(12,024,044)</u>	<u>209,003,238</u>
Less Accumulated Depreciation:				
Buildings	(22,590,808)	(2,081,181)	0	(24,671,989)
Machinery and Equipment	(7,448,280)	(881,866)	617,528	(7,712,618)
Vehicles	(5,014,740)	(690,993)	362,985	(5,342,748)
Infrastructure				
Bridges	(6,485,759)	(1,307,680)	0	(7,793,439)
Fords	(285,250)	(51,214)	0	(336,464)
Dams	(85,000)	0	0	(85,000)
Roads	(4,401,362)	(539,374)	664,598	(4,276,138)
All Purpose Trails	(5,876,341)	(746,129)	1,076,912	(5,545,558)
Golf Course Cart Paths	(326,932)	(33,704)	20,610	(340,026)
Other Paved Areas	(1,212,011)	(142,764)	279,071	(1,075,704)
<i>Total Accumulated Depreciation</i>	<u>(53,726,483)</u>	<u>(6,474,905) *</u>	<u>3,021,704</u>	<u>(57,179,684)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>102,607,233</u>	<u>12,194,106</u>	<u>(227,770)</u>	<u>114,573,569</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$141,023,349</u>	<u>\$19,802,545</u>	<u>(\$9,002,340)</u>	<u>\$151,823,554</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

A summary of changes in capital assets during 2003 and 2004 follows:

	Balance 12/31/2003	Additions	Deletions	Balance 12/31/2004
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$26,505,191	\$897,199	\$0	\$27,402,390
Construction in Progress	13,413,313	9,965,008	(12,364,595)	11,013,726
<i>Total Capital Assets, Not Being Depreciated</i>	<u>39,918,504</u>	<u>10,862,207</u>	<u>(12,364,595)</u>	<u>38,416,116</u>
Capital Assets, Being Depreciated				
Buildings	74,698,789	10,767,428	(1,466,991)	83,999,226
Machinery and Equipment	11,760,752	593,143	(116,952)	12,236,943
Vehicles	7,614,017	432,103	(251,471)	7,794,649
Infrastructure				
Bridges	19,034,404	93,124	0	19,127,528
Fords	1,809,757	0	0	1,809,757
Dams	85,000	0	0	85,000
Roads	10,840,235	1,321,927	(710,086)	11,452,076
All Purpose Trails	16,062,398	252,247	(315,157)	15,999,488
Golf Course Cart Paths	694,693	0	0	694,693
Other Paved Areas	3,554,336	0	(419,980)	3,134,356
<i>Total Capital Assets, Being Depreciated</i>	<u>146,154,381</u>	<u>13,459,972</u>	<u>(3,280,637)</u>	<u>156,333,716</u>
<i>Total Capital Assets, Governmental Activities</i>	<u>186,072,885</u>	<u>24,322,179</u>	<u>(15,645,232)</u>	<u>194,749,832</u>
Less Accumulated Depreciation:				
Buildings	(21,948,797)	(1,811,996)	1,169,985	(22,590,808)
Machinery and Equipment	(6,593,690)	(933,171)	78,581	(7,448,280)
Vehicles	(4,445,602)	(724,245)	155,107	(5,014,740)
Infrastructure				
Bridges	(6,020,553)	(465,206)	0	(6,485,759)
Fords	(240,036)	(45,214)	0	(285,250)
Dams	(85,000)	0	0	(85,000)
Roads	(4,604,941)	(506,507)	710,086	(4,401,362)
All Purpose Trails	(5,404,136)	(787,362)	315,157	(5,876,341)
Golf Course Cart Paths	(292,197)	(34,735)	0	(326,932)
Other Paved Areas	(1,475,273)	(156,718)	419,980	(1,212,011)
<i>Total Accumulated Depreciation</i>	<u>(51,110,225)</u>	<u>(5,465,154) *</u>	<u>2,848,896</u>	<u>(53,726,483)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>95,044,156</u>	<u>7,994,818</u>	<u>(431,741)</u>	<u>102,607,233</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$134,962,660</u>	<u>\$18,857,025</u>	<u>(\$12,796,336)</u>	<u>\$141,023,349</u>

*Depreciation expense for 2005 and 2004 was charged to governmental functions as follows:

	2005	2004
Park Operations	\$4,184,729	\$3,219,272
Zoo Operations	1,569,273	1,591,578
Golf Course	373,084	340,763
Rangers	201,115	132,780
Administration	146,704	180,761
Total	<u>\$6,474,905</u>	<u>\$5,465,154</u>

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004*

Note 9 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The District's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the District's pension contributions were 12.7 percent of covered payroll in 2005 and 2004.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$2,890,799, \$2,820,277, and \$2,414,194 respectively; 98.8 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$64,398 made by the District and \$40,398 made by the plan members. In 2004, contributions to the member-directed plan were \$37,031 made by the District and \$23,230 made by the plan members.

Cleveland Metropolitan Park District, Cuyahoga County

*Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004*

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans for 2005 was 376,109 and 369,885 in 2004. Actual employer contributions which were used to fund postemployment benefits were \$1,210,806 in 2005 and \$1,181,268 in 2004. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$9.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to health care plan.

Note 11 - 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

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.

Note 12 - Long Term Obligations

Changes in the long-term obligations of the District during 2005 and 2004 were as follows:

2005

	<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	<u>\$4,901,376</u>	<u>\$273,863</u>	<u>(\$234,624)</u>	<u>\$4,940,615</u>	<u>\$395,679</u>

2004

	<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	<u>\$4,645,229</u>	<u>\$463,230</u>	<u>(\$207,083)</u>	<u>\$4,901,376</u>	<u>\$456,438</u>

Compensated absences will be paid from the general fund.

Note 13 - 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

Note 14 - Contractual Commitments

At December 31, 2005 and December 31, 2004, the District's significant contractual commitments consisted of:

2005

	Contract Amount	Amount Paid	Remaining on Contract
Great Lakes Construction	\$5,302,600	\$1,203,304	\$4,099,296
Armatas Construction	1,839,511	500,195	1,339,316
HNTB	297,690	45,744	251,946
Kenmore Construction	274,207	0	274,207
Perk Company	254,638	243,672	10,966
Carson Paving	245,500	0	245,500
Arcadis - Ohio - Erie Canal	180,800	90,230	90,570
DLZ Ohio	153,396	76,699	76,697
Doty & Miller	146,300	119,145	27,155
Arcadis - No. Chagrin	142,573	111,911	30,662
Shelly Company	124,760	0	124,760
SBC	116,213	20,915	95,298
Shoreline Contractors	60,431	28,150	32,281
Commercial Siding	53,000	0	53,000
Cross County Cowboy	43,238	0	43,238
Other Contractual Commitments	25,034,524	24,913,778	120,746
Total	\$34,269,381	\$27,353,743	\$6,915,638

2004

	Contract Amount	Amount Paid	Remaining on Contract
Towpath East 49th and Harvard	\$1,037,401	\$0	\$1,037,401
Clubhouse Design	101,100	15,975	85,125
Hydraulic Caging	200,898	0	200,898
Zoo Animal Hospital Improvements	8,523,825	8,339,788	184,037
Rockcliffe Retaining Wall Improvements	1,674,187	1,663,387	10,800
Total	\$11,537,411	\$10,019,150	\$1,518,261

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

Note 15 - 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 2005 and 2004, the District contracted with several companies for various types of insurance as follows:

2005:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
St. Paul	Flood	\$5,000,000
	Earthquake	5,000,000
	Employment Practices	2,000,000
	General Liability	2,000,000
	Liquor Liability	1,000,000
	Property	175,453,011
	Automobile Liability	1,000,000
	Inland Marine	8,773,678
	Public Official/Law Enforcement	2,000,000
	Boiler and Machinery	30,000,000
	Data Processing Equipment	1,700,000
	Commercial Crime	250,000
	Western Surety	Treasurer Bond
Arch	Excess Liability	10,000,000

2004:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
St. Paul	Flood	\$5,000,000
	Earthquake	5,000,000
	Employment Practices	2,000,000
	General Liability	2,000,000
	Liquor Liability	1,000,000
	Property	100,000,000
	Automobile Liability	1,000,000
	Inland Marine	8,773,678
	Public Official/Law Enforcement	2,000,000
	Boiler and Machinery	30,000,000
	Data Processing Equipment	1,600,000
	Commercial Crime	250,000
	Western Surety	Treasurer Bond
Arch	Excess Liability	10,000,000

Workers' compensation coverage is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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, 2005 and 2004

Note 16 – Cleveland Zoological Society (Zoo Society)

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, 2005 and 2004.

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

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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2005 and 2004

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.

During 2005, the Zoo Society reevaluated its accounting treatment for contributions raised on behalf of the Zoo. It was determined that the Zoo Society and the Zoo are financially interrelated entities under the guidance found in the Statement of Financial Accounting Standards, No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. As such, contributions raised by the Zoo Society on behalf of the Zoo are reported as temporarily restricted contribution revenues and the 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 for all periods presented.

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 statement 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 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 lifetime. 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.

The Zoo Society has beneficial interests in charitable remainder trusts. Assets received under such 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 an 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.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements For The Years Ended December 31, 2005 and 2004

The Zoo Society also has beneficial interest in perpetual trusts. The Zoo Society records a 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 statement 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.

During 2005, the Zoo Society changed the manner in which in-kind contributions were tracked and recorded. Prior to 2005, the Zoo Society did not track the value of donated goods and services relating to its special events. Beginning in 2005, the amount of such donated items is reflected in the special events revenue and expense line items on statement of activities for the year ended December 31, 2005. No amounts were recorded for the year ended December 31, 2004 as information necessary for management to reasonably estimate the amount received was not available.

Contributed Services The Zoo Society recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skill, 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, investments 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. 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 to the credit worthiness of the foundations, corporations and individuals who comprise the contributor base.

At various times during the years ended December 31, 2005 and 2004, the Zoo Society's cash in bank balances may exceed the federally insured limits. The Zoo Society places its cash and temporary investments with creditworthy, high quality financial institutions.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

B. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Unrestricted - available for operating expenses	\$2,012,801	\$2,551,166
Donor restricted for short-term purposes	610,445	568,940
	<u>\$2,623,246</u>	<u>\$3,120,106</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. Subsequent to year end, the Zoo approved funding for the design phase of the project.

Pledges receivable, net of applicable discounts to the present value and allowance for uncollectible pledges receivable, are comprised of the following at December 31:

	<u>2005</u>	<u>2004</u>
Unrestricted - available for operating expenses	\$206,770	\$417,711
Restricted for African Elephant Crossing	85,005	0
Other temporarily restricted	35,000	105,000
	<u>\$326,775</u>	<u>\$522,711</u>

Pledges were discounted to their present value assuming their respective terms and discount rate of 7.25% and 5%, respectively at December 31, 2005 and 2004. The pledges receivable are scheduled to be collected as follows:

	<u>2005</u>	<u>2004</u>
Payable within one year	\$283,808	\$329,462
Payable in two years	18,250	120,480
Payable in three years	18,250	100,080
Payable in four years	17,000	0
	<u>337,308</u>	<u>550,022</u>
Less discounts to net present value	(4,495)	(21,273)
Less allowance for uncollectible pledges receivable	(6,038)	(6,038)
Net pledges receivable	<u>\$326,775</u>	<u>\$522,711</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

D. Marketable Securities

Investments are stated at fair value at December 31, 2005 and 2004 and are summarized as follows:

2005			
	Cost	Market	Unrealized appreciation (depreciation)
Cash and cash equivalents	\$216,025	\$216,025	\$0
Treasury notes	99,438	100,188	750
Mutual funds	1,002,981	985,417	(17,564)
Stock and stock funds	2,788,422	3,297,228	508,806
	<u>\$4,106,866</u>	<u>\$4,598,858</u>	<u>\$491,992</u>

2004			
	Cost	Market	Unrealized appreciation (depreciation)
Cash and cash equivalents	\$265,831	\$265,831	\$0
Treasury notes	213,827	215,471	1,644
Mutual funds	301,050	306,181	5,131
Stock and stock funds	2,797,275	2,862,485	65,210
	<u>\$3,577,983</u>	<u>\$3,649,968</u>	<u>\$71,985</u>

Included in marketable securities at December 31, 2005 and 2004 was \$3,743,986 and \$3,602,338, respectively, of board-designated net assets.

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

2005			
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$197,087	\$0	\$197,087
Net realized and unrealized gains (losses)	165,672	(4,169)	161,503
	<u>\$362,759</u>	<u>(\$4,169)</u>	<u>\$358,590</u>

2004			
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$152,722	\$0	\$152,722
Net realized and unrealized gains (losses)	191,556	(1,227)	190,329
	<u>\$344,278</u>	<u>(\$1,227)</u>	<u>\$343,051</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements
For The Years Ended December 31, 2005 and 2004

E. 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. At the end of the trust's term, the remaining assets are available for the unrestricted use of the Zoo Society. Investments, primarily mutual funds, held in the charitable remainder trust aggregated \$165,070 and \$169,220 at December 31, 2005 and 2004, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$60,033 and \$63,945 at December 31, 2005 and 2004, 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 \$90,923 and \$74,912 at December 31, 2005 and 2004, respectively, and are reported at fair market value in the statements of financial position. Included in liability under split-interest agreements is \$68,351 and \$55,555 at December 31, 2005 and 2004, 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 unrestricted use of the Zoo Society's respective portion of the trusts' income in accordance with the trusts' documents. The Zoo Society's share of trusts' assets, which had a market value on December 31, 2005 and 2004 of \$516,360 and \$519,417, respectively, are included in the accompanying statements of financial position. 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.

F. Restrictions on Net Assets

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

	2005	2004
Education and conservation grants	\$427,067	\$457,075
Animal purchase	0	4,157
Marketing sponsorships	157,064	136,275
Charitable remainder trust	105,037	88,705
Neotropical	61,315	71,435
	<u>\$750,483</u>	<u>\$757,647</u>

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

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:

	<u>2005</u>	<u>2004</u>
Sarah Allison Steffee Center for Zoological Medicine	\$0	\$16,859
Sponsorship and education grants	529,152	413,504
Animal purchase	4,157	23,000
Neotropical research	70,120	103,501
Capital campaign	129,844	162,006
Other	23,606	0
	<u>\$756,879</u>	<u>\$718,870</u>

Permanently restricted net assets aggregating \$563,360 and \$566,417 at December 31, 2005 and 2004, respectively, consist of endowment fund assets to be held in perpetuity.

G. 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:

	<u>2005</u>	<u>2004</u>
Metroparks agreement	\$1,561,985	\$1,602,626
Education expenditures	335,764	167,706
Conservation expenditures	206,140	185,214
In-kind distributions	0	2,995
Boo at the Zoo	30,684	10,965
Levy support and lobbying	24,800	32,212
Senior Day	9,194	7,008
Zoo Lights	1,652	35,066
Other miscellaneous Zoo functions	80,023	86,786
Neotropical research	70,120	103,501
Capital Campaign	129,844	162,006
	<u>\$2,450,206</u>	<u>\$2,396,085</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 \$1,561,985 and \$1,602,626 for 2005 and 2004, respectively.

Included in "Amounts due to Cleveland Metropolitan Park District" on the statements of financial position is \$638,306 and \$616,691 which is owed to the District under this agreement at December 31, 2005 and 2004, respectively.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

H. Allocation of Joint Cost

For the years ended December 31, 2005 and 2004, the Zoo Society incurred joint costs for information materials and activities that included fundraising appeals. The Zoo Society allocated these joint costs as follows:

	<u>2005</u>	<u>2004</u>
Fundraising	\$90,425	\$93,949
Program services	178,747	185,714
	<u>\$269,172</u>	<u>\$279,663</u>

I. In-Kind Contributions

At December 31, 2005, \$77,981 was included as unrestricted special events support and revenues and expenses on the statement of activities.

J. 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 percent of the participant's compensation. During 2005 and 2004, the amount of expense related to this plan was \$28,782 and \$22,894, 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 2005, there were no deferrals or employer contributions made to the plan.

K. Related Party

At December 31, 2005 and 2004, \$124,443 and \$26,150 of pledges receivable and \$611,539 and \$513,159 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, 2005 and 2004.

Cleveland Metropolitan Park District, Cuyahoga County

Notes To The Basic Financial Statements

For The Years Ended December 31, 2005 and 2004

L. Prior Period Adjustments and Reclassifications

During the year ended December 31, 2005, it was determined that there were two split-interest agreements from which the Zoo Society had been receiving distributions but for which the underlying perpetual trust assets had not been recorded on the statement of financial position. Generally accepted accounting principles indicates that the Zoo Society should recognize its proportionate share of such perpetual trusts as permanently restricted net assets in the Zoo Society's statement of financial position.

An adjustment of \$488,160 was made to record the Zoo Society's portion of the trusts' assets with an offsetting adjustment to increase permanently restricted net assets as of the beginning of 2004. Additionally, an adjustment of \$31,257 was made to reflect the increase in fair market values of the trusts' assets for the year ended December 31, 2004 with a corresponding increase in permanently restricted net assets. A reclassification was also made to the 2004 revenue classifications to properly show the distributions from the trusts as investment income as opposed to contributions.

During 2005, the Zoo Society changed the presentation of certain elements of its financial statements. The Zoo Society has reclassified prior year amounts to conform to the current year presentation. Significant reclassifications to the prior year's financial statements include the following. The statements of financial position have been modified to reflect a classified statement whereby the assets and liabilities of the Zoo Society are shown as either current or long-term in nature. The statements of activities have been revised to better depict the programs and supporting services of the Zoo Society, and the allocation of prior year expenses to those programs and supporting services has been revised to conform to current year presentation. Additionally, due to management's reevaluation of its relationship with the Zoo and the determination that the two organization's are financially interrelated, the contributions raised on behalf of the Zoo are shown as revenues and the amounts to be remitted to the Zoo related to those contributions has been reclassified to the Cleveland Metropolitan Park District expense on the statements of activities. As the amounts raised on behalf of the Zoo are shown as temporarily restricted contribution revenues, the amounts to be remitted to the Zoo have also been included in net assets released from restrictions in the accompanying statements of activities.

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**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF HIGHWAY PLANNING AND CONSTRUCTION</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Grant - Eastside Towpath	COTF-029	20.205	\$495,000
Highway Planning and Construction Grant - Pedestrian Bridge	20440	20.205	<u>1,568,376</u>
Total U.S. Department of Highway Planning and Construction			<u>2,063,376</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Program:</i>			
Bulletproof Vest Grant	N/A	16.607	<u>938</u>
Total U.S. Department of Justice			<u>938</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Direct Program:</i>			
Zoo Education Grant	N/A	84.215K	<u>28,029</u>
Total U.S. Environmental Protection Agency			<u>28,029</u>
Total Federal Awards Expenditures			<u><u>\$2,092,343</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.



Auditor of State Betty Montgomery

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

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 of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 25, 2006. We did not audit the financial statements of the Cleveland Zoological Society, a discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for Cleveland Zoological Society is based on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated August 25, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

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Cleveland Metropolitan Park District
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

August 25, 2006



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Cleveland Metropolitan Park District
Cuyahoga County
4101 Fulton Parkway
Cleveland, Ohio 44144

To the Board of Park Commissioners:

Compliance

We have audited the compliance of the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Cleveland Metropolitan Park District, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Betty Montgomery
Auditor of State

August 25, 2006

**CLEVELAND METROPOLITAN PARK DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction CFDA: 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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 10, 2006**