

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

TRACY BRAUN, SUPERVISOR OF FINANCIAL & VISITOR SERVICES



Dave Yost • Auditor of State

Board of Park Commissioners
MetroParks of Butler County
2051 Timberman Road
Hamilton, Ohio 45013

We have reviewed the *Independent Auditor's Report* of the MetroParks of Butler County, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The MetroParks of Butler County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 20, 2014

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**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

MetroParks of Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the MetroParks of Butler County, Butler County, Ohio, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the MetroParks of Butler County as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the MetroParks of Butler County, Butler County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of the MetroParks of Butler County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MetroParks of Butler County's internal control over financial reporting and compliance.



Julian & Grube, Inc.
April 22, 2014

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types			Total (Memorandum Only)
	General	Capital Projects	Permanent	
Cash receipts:				
Local taxes	\$ 3,290,741	\$ -	\$ -	\$ 3,290,741
Charges for services	103,124	-	-	103,124
Fees, licenses and permits	220,597	-	-	220,597
Intergovernmental	667,692	352,361	-	1,020,053
Earnings on investments	8,020	367	1,441	9,828
Farm lease income	69,875	-	-	69,875
Donations and contributions	6,971	-	-	6,971
Miscellaneous	57,839	-	-	57,839
Total cash receipts	4,424,859	352,728	1,441	4,779,028
Cash disbursements:				
Current:				
Conservation / Recreation				
Salaries - employees	1,364,361	-	-	1,364,361
Supplies	20,146	-	-	20,146
Materials	253,569	-	-	253,569
Equipment	113,423	-	-	113,423
Maintenance and repair	30,979	-	-	30,979
Contracts - services	416,892	-	-	416,892
Advertising	10,512	-	-	10,512
Utilities and insurance	134,964	-	-	134,964
Travel	12,335	-	-	12,335
Public employees retirement	179,402	-	-	179,402
Workers' compensation	30,698	-	-	30,698
Health insurance	116,058	-	-	116,058
Auditor and treasurer fees	36,749	-	-	36,749
Other expense	123,093	-	-	123,093
Capital outlay	324,368	272,914	-	597,282
Debt service:				
Redemption of principal	104,141	80,000	-	184,141
Interest and other fiscal charges	52,841	41,237	-	94,078
Total cash disbursements	3,324,531	394,151	-	3,718,682
Total cash receipts over/(under) cash disbursements	1,100,328	(41,423)	1,441	1,060,346
Other financing receipts/(disbursements):				
Operating transfers in	-	166,000	-	166,000
Operating transfers out	(166,000)	-	-	(166,000)
Total other financing receipts/(disbursements)	(166,000)	166,000	-	-
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing (disbursements)				
	934,328	124,577	1,441	1,060,346
Fund cash balances, January 1, 2013	2,556,887	124,621	113,904	2,795,412
Fund cash balances, December 31, 2013	<u>\$ 3,491,215</u>	<u>\$ 249,198</u>	<u>\$ 115,345</u>	<u>\$ 3,855,758</u>
Fund cash balances:				
Nonspendable	\$ -	\$ -	\$ 104,745	\$ 104,745
Restricted	-	-	10,600	10,600
Committed	-	249,198	-	249,198
Assigned	1,872,761	-	-	1,872,761
Unassigned	1,618,454	-	-	1,618,454
Fund cash balances, December 31, 2013	<u>\$ 3,491,215</u>	<u>\$ 249,198</u>	<u>\$ 115,345</u>	<u>\$ 3,855,758</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Capital Projects	Permanent	
Cash receipts:				
Local taxes	\$ 3,303,878	\$ -	\$ -	\$ 3,303,878
Charges for services	148,038	-	-	148,038
Fees, licenses and permits	214,327	-	-	214,327
Intergovernmental	739,325	1,495,000	-	2,234,325
Earnings on investments	8,884	5,780	1,653	16,317
Farm lease income	64,164	-	-	64,164
Donations and contributions	10,094	-	-	10,094
Miscellaneous	44,632	-	-	44,632
Total cash receipts	4,533,342	1,500,780	1,653	6,035,775
Cash disbursements:				
Current:				
Conservation / Recreation				
Salaries - employees	1,173,863	-	-	1,173,863
Supplies	15,845	-	-	15,845
Materials	263,407	-	-	263,407
Equipment	94,917	-	-	94,917
Maintenance and repair	18,522	-	-	18,522
Contracts - services	492,317	-	-	492,317
Advertising	6,790	-	-	6,790
Utilities and insurance	121,721	-	-	121,721
Travel	9,791	-	-	9,791
Public employees retirement	163,937	-	-	163,937
Workers' compensation	26,412	-	-	26,412
Health insurance	93,488	-	-	93,488
Auditor and treasurer fees	53,119	-	-	53,119
Other expense	81,467	-	-	81,467
Capital outlay	383,936	3,907,374	-	4,291,310
Debt service:				
Redemption of principal	100,623	-	-	100,623
Interest and other fiscal charges	56,359	-	-	56,359
Total cash disbursements	3,156,514	3,907,374	-	7,063,888
Total cash receipts over/(under) cash disbursements	1,376,828	(2,406,594)	1,653	(1,028,113)
Other financing receipts/(disbursements):				
Proceeds from sale of bonds	-	800,000	-	800,000
Operating transfers in	-	231,215	-	231,215
Operating transfers out	(231,215)	-	-	(231,215)
Total other financing receipts/(disbursements)	(231,215)	1,031,215	-	800,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing (disbursements)	1,145,613	(1,375,379)	1,653	(228,113)
Fund cash balances, January 1, 2012	1,411,274	1,500,000	112,251	3,023,525
Fund cash balances, December 31, 2012	\$ 2,556,887	\$ 124,621	\$ 113,904	\$ 2,795,412
Fund cash balances:				
Nonspendable	\$ -	\$ -	\$ 104,745	\$ 104,745
Restricted	-	-	9,159	9,159
Committed	-	124,621	-	124,621
Assigned	1,296,975	-	-	1,296,975
Unassigned	1,259,912	-	-	1,259,912
Fund cash balances, December 31, 2012	\$ 2,556,887	\$ 124,621	\$ 113,904	\$ 2,795,412

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the MetroParks of Butler County, Butler County, Ohio (the District), as a body corporate and politic. The probate judge of Butler County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code permits, the Butler County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The general fund is used to account for all activities of the District not required to be included in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Fund - 2013

This fund is used to account for capital improvements of the District not accounted for in another capital projects fund.

Clean Ohio Timberman Ridge Grant Fund

This fund was used to account for the purchase of land located at Timberman Ridge, which was funded through an on-behalf payment from the Ohio Public Works Commission.

Mill Race Preserve Conservation Fund

This fund was used to account for the purchase of the Mill Race Preserve, which was funded through an on-behalf payment from the Ohio Public Works Commission.

3. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the District's programs unless certain exceptions apply. The District had the following permanent fund:

Park District Trust Fund

This fund accounts for a trust agreement stipulating that the principal sum be invested and the interest be used for routine acquisition and maintenance of public parks, except in the event the interest is less than \$3,000 per year, all or any portion of the principal may be used for said purposes. The trust was established in 1998 with a principal amount of \$104,745.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 2.

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Fund Balance

Under GASB No. 54, fund balances are divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

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

4. **Assigned**

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

5. **Unassigned**

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

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

G. Property, Plant, and Equipment

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

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Accumulated Leave

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

I. Interfund Transactions

During the course of normal operations, the District has transactions between funds. This includes a transfer of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid. The District did not have any advances in the years ended December 31, 2013 and 2012.

J. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 2 - BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,328,500	\$ 4,424,859	\$ 96,359
Capital Projects	767,918	518,728	(249,190)
Permanent	2,000	1,441	(559)
Total	\$ 5,098,418	\$ 4,945,028	\$ (153,390)

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,800,940	\$ 4,036,034	\$ 1,764,906
Capital Projects	531,403	443,451	87,952
Permanent	10,000	-	10,000
Total	\$ 6,342,343	\$ 4,479,485	\$ 1,862,858

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - BUDGETARY ACTIVITY - (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,569,206	\$ 4,533,342	\$ (35,864)
Capital Projects	4,026,715	2,531,995	(1,494,720)
Permanent	2,000	1,653	(347)
Total	\$ 8,597,921	\$ 7,066,990	\$ (1,530,931)

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,879,252	\$ 3,563,193	\$ 1,316,059
Capital Projects	4,012,170	3,976,416	35,754
Permanent	9,250	-	9,250
Total	\$ 8,900,672	\$ 7,539,609	\$ 1,361,063

NOTE 3 - DEBT

At December 31, 2013 and December 31, 2012, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2013</u>	<u>Balance at 12/31/2012</u>
PNC Special Revenue Bonds, Series 2008 to refinance Old Hueston Farm debt due in monthly installments of \$9,952 through 2018, with a final payment of \$528,100, bearing interest of 5.65%.	\$ 896,469	\$ 963,054
Stander Trust General Obligation Notes, Series 2003 to finance the purchase of land to be used for future development due in annual installments of \$37,556 through 2022, bearing no interest.	338,004	375,560
PNC Special Revenue Bonds, Series 2012 to finance the multi-purpose athletic fields project at Voice of America Park due in annual principal installments of \$80,000 through 2022, bearing interest at 4.45%.	720,000	800,000
Total	\$1,954,473	\$2,138,614

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - DEBT - (Continued)

Transactions for the years ended December 31, 2013 and December 31, 2012 are summarized as follows:

<u>2013</u>	Balance at <u>12/31/2012</u>	<u>Proceeds</u>	<u>Retirements</u>	Balance at <u>12/31/2013</u>
PNC Special Revenue Bonds - 2008	\$ 963,054	\$ -	\$ (66,585)	\$ 896,469
Stander Trust General Obligation Notes - 2003	375,560	-	(37,556)	338,004
PNC Special Revenue Bonds - 2012	<u>800,000</u>	<u>-</u>	<u>(80,000)</u>	<u>720,000</u>
Total	<u>\$ 2,138,614</u>	<u>\$ -</u>	<u>\$ (184,141)</u>	<u>\$ 1,954,473</u>
<u>2012</u>	Balance at <u>12/31/2011</u>	<u>Proceeds</u>	<u>Retirements</u>	Balance at <u>12/31/2012</u>
PNC Special Revenue Bonds - 2008	\$ 1,026,121	\$ -	\$ (63,067)	\$ 963,054
Stander Trust General Obligation Notes - 2003	413,116	-	(37,556)	375,560
PNC Special Revenue Bonds - 2012	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Total	<u>\$ 1,439,237</u>	<u>\$ 800,000</u>	<u>\$ (100,623)</u>	<u>\$ 2,138,614</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2013, are as follows:

<u>Year Ending December 31,</u>	<u>2008</u>		<u>2003</u>	
	<u>PNC Special Revenue Bonds Principal</u>	<u>Interest</u>	<u>Stander Trust General Obligation Notes Principal</u>	<u>Interest</u>
2014	\$ 69,579	\$ 49,845	\$ 37,556	\$ -
2015	73,671	45,753	37,556	-
2016	77,881	41,543	37,556	-
2017	82,584	36,842	37,556	-
2018	592,754	29,545	37,556	-
2019 - 2022	<u>-</u>	<u>-</u>	<u>150,224</u>	<u>-</u>
Totals	<u>\$ 896,469</u>	<u>\$ 203,528</u>	<u>\$ 338,004</u>	<u>\$ -</u>
<u>Year Ending December 31,</u>	<u>2012</u>		<u>Totals</u>	
	<u>PNC Special Revenue Bonds Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 80,000	\$ 32,040	\$ 187,135	\$ 81,885
2015	80,000	28,480	191,227	74,233
2016	80,000	24,920	195,437	66,463
2017	80,000	21,360	200,140	58,202
2018	80,000	17,800	710,310	47,345
2019 - 2022	<u>320,000</u>	<u>35,600</u>	<u>470,224</u>	<u>35,600</u>
Totals	<u>\$ 720,000</u>	<u>\$ 160,200</u>	<u>\$ 1,954,473</u>	<u>\$ 363,728</u>

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 4 - PROPERTY TAX

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

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

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

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

NOTE 5 - RETIREMENT SYSTEMS

Retirement Rates	Year	Member Rate	Employer Rate
PERS - Local	2012-2013	10%	14%

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

NOTE 6 - RISK MANAGEMENT

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively, which is the latest information available.

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - RISK MANAGEMENT - (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2012 and 2011 (the latest information available).

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 7 - INTERFUND ACTIVITY

The District had the following transfers for the years ended December 31, 2013 and 2012:

2013

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 166,000
<u>Capital Projects Fund</u>		
Capital Projects	166,000	-
Total	\$ 166,000	\$ 166,000

2012

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 231,215
<u>Capital Projects Fund</u>		
Capital Projects	231,215	-
Total	\$ 231,215	\$ 231,215

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The District is involved in no material litigations as either plaintiff or defendant.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards*

MetroParks of Butler County
2051 Timberman Road
Hamilton, Ohio 45031

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Controller General of the United States' *Government Auditing Standards*, the financial statements of the MetroParks of Butler County, Butler County, Ohio, as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements and have issued our report thereon dated April 22, 2014 wherein we noted the MetroParks of Butler County followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the MetroParks of Butler County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding 2013-MOBC-001 to be a significant deficiency.

Board of Park Commissioners
MetroParks of Butler County

Compliance and Other Matters

As part of reasonably assuring whether the MetroParks of Butler County'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 statements amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 22, 2014

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2013-MOBC-001

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and the Board with objective and timely information to enable well-informed decisions.

For the year ended December 31, 2012, the District had budgeted and informed the auditors that an on-behalf payment from the Ohio Public Works Commission for the purchase of land at Timberman Ridge in the amount of \$1,395,000 was not recorded on the financial statements. Thus, an audit adjustment was made to the District's financial statements to increase intergovernmental receipts by \$1,395,000 and increase capital outlay by \$1,395,000.

We recommend the District consider additional control procedures to help ensure the accuracy of its financial statements or inquire of their auditor if uncertainties arise on how to record a transaction.

Client Response: The Butler County Auditor serves as the official fiscal officer of the MetroParks pursuant to State Statute. With the assistance of the County Auditor's personnel and in compliance with standing instructions of the Auditor of State's directives pertaining to Green Space Conservation Grants, which are paid out by the State on behalf of a political subdivision directly for application at a land purchase closing, the MetroParks established a project specific grant fund. MetroParks then raised its 2012 Estimated Certificate of Resources and appropriated anticipated grant funds into the correct accounts.

MetroParks communicated the specific amount of the grant to be paid out on its behalf, the Memo-in and Memo-out ("on behalf of") nature of the transaction and the month of closing to County Auditor personnel. However, the information regarding the transaction was not entered into the County Auditor's official accounting records.

MetroParks Fiscal Services staff did not review the official accounting records to insure the single and only expenditure transaction in the grant fund had been properly recorded. MetroParks staff was not provided an opportunity to review the draft 2012 Annual Financial report before it had been filed with the Auditor of State. All resulting in an under-reporting of total financial activity at the MetroParks for 2012 (but not the actual cash position of the MetroParks) due to a simple error of omission.

In the future MetroParks staff will check the official accounting records following any transaction involving funds from an "on behalf of" type of grant to insure that the transaction has been properly posted. Any error can then be promptly corrected.

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u></u>
2011-MOBC-001	Ohio Revised Code Section 5705.36 in part requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. The District had appropriations exceeding estimated resources in the General fund and thus did not request timely amended certificates throughout the year and at year end.	Yes	N/A
2011-MOBC-002	Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund shall not exceed the total estimated resources. The District had appropriations in excess of estimated resources by \$494,836.	Yes	N/A

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Dave Yost • Auditor of State

METROPARKS OF BUTLER COUNTY

BUTLER 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
JUNE 3, 2014**



Dave Yost • Auditor of State

METROPARKS OF BUTLER COUNTY

BUTLER 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
JUNE 3, 2014**