Franklin Park Conservatory Joint Recreation District

Financial Report

with Supplementary Information

December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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Finance Committee
Franklin Park Conservatory Joint Recreation District
1777 E. Broad Street
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We have reviewed the *Independent Auditor's Report* of the Franklin Park Conservatory Joint Recreation District, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2019 through December 31, 2019. 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 Franklin Park Conservatory Joint Recreation District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 6, 2020

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Independent Auditor's Report

To the Finance Committee
Franklin Park Conservatory Joint
Recreation District

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin Park Conservatory Joint Recreation District (the "Conservatory") as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Park Conservatory Joint Recreation District as of December 31, 2019 and 2018 and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Finance Committee
Franklin Park Conservatory Joint
Recreation District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Franklin Park Conservatory Joint Recreation District's basic financial statements. The statement of revenue and expenses and statement of functional expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The statement of revenue and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenue and expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statement of functional expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020 on our consideration of the Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 18, 2020

The following unaudited Management's Discussion and Analysis (MD&A) section of the Franklin Park Conservatory Joint Recreation District's (the "Conservatory") financial report represents a discussion and analysis of the Conservatory's financial performance during the fiscal years ended December 31, 2019 and 2018. Please read it in conjunction with the Conservatory's financial statements, which follow this section. Franklin Park Conservatory Joint Recreation District is known publicly as Franklin Park Conservatory and Botanical Gardens.

Overview of the Financial Statements

The Conservatory accounts for all transactions under a single enterprise fund and the financial statements are prepared using proprietary fund (enterprise fund) accounting. Under this method of accounting, an economic resources measurement focus, and an accrual basis of accounting are used. Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Conservatory is improving or deteriorating.

The statement of revenue, expenses and changes in net position reports the operating revenue and expenses and nonoperating revenue and expenses of the Conservatory for the fiscal year with the difference being combined with any capital contributions to determine the change in net position for the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year's cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

The activities of the Friends of the Conservatory and Women's Sustaining Board are also included in the financial statements.

Operating Highlights

1. Total visitor attendance reached 370,465 or a 5% increase over 2018. Children's attendance reached 100,394 which represented 27% of total attendance. Conservatory Aglow attendance reached 61,251 or a 9% increase over 2018.

2. Membership households reached 12,298. Access memberships for the economically disadvantaged increased from 838 to 964, or a 15% increase. In June 2019, the Conservatory provided family membership cards to 3 branches of the Columbus Metropolitan Library, which when checked out provides free admission for 2 adults and up to 6 children. 2,742 adults and children used these passes in 2019.

3. The Conservatory opened its *Chihuly: Celebrating Nature* exhibition which is the first full-scale Chihuly exhibition at the Conservatory since 2009-2010. Additionally, the Conservatory began hosting Chihuly Nights which provides the opportunity for guests to view the glass pieces professionally lit in the evenings.

4. The Conservatory presented Pumpkin Nights (since renamed to Pumpkins Aglow), which welcomed 6,300 guests over the span of 6 nights (3 nights per week for 2 weeks).

5. In 2019, Franklin Park Conservatory hosted 276 school field trips. However, due to school budget constraints, only 25 of these schools were from Columbus City Schools. The Conservatory created a donor-funded Field Trip Scholarship program to address this disparity. Teachers may now apply for a grant that will cover bus transportation, admission for students, teachers and chaperones and educational programming. To qualify, 70 percent of students must qualify for free or reduced lunch. The program is available while funding lasts.

6. The Conservatory continued “Community Days” which offers free attendance to residents of the City of Columbus and Franklin County on the first Sunday of each month. We welcomed 26,970 guests in 2019.

Table 1: Assets, Liabilities, and Net Position

The following summarizes the Conservatory’s financial position as of December 31, 2019, 2018, and 2017 (000s omitted).

	2019	2018	2017
Assets			
Current Assets	$ 3,596	$ 3,327	$ 5,533
Capital Assets	30,605	31,535	30,275
Deferred Outflows of resources from Pension	3,336	1,544	2,649
Deferred Outflows of resouces from OPEB	523	230	-
Other Noncurrent Assets	1,467	1,819	2,194
Total Assets and Deferred Outflows	$39,527	$38,455	$40,651
Liabilities			
Current Liabilities	$ 3,466	$ 2,602	$ 4,761
Net Pension Liability	8,949	4,454	5,928
Net OPEB Liability	4,114	3,127	-
Notes Payable	1,883	2,351	1,467
Deferred Inflows of resources from Pension	120	1,050	39
Deferred Inflows of resources from OPEB	11	233	-
Other Noncurrent Liabilities	18	19	17
Total Liabilities and Deferred Inflows	$18,561	$13,836	$12,212
Net Position			
Net investment in capital assets	$27,960	$28,283	$25,805
Restricted net position	615	417	2,076
Unrestricted net position	(7,609)	(4,081)	558
Total net position	$20,966	$24,619	$28,439

Current Assets - The increase in current assets from 2018 to 2019 is due to additional pledges and additional prepaid expenses. The decrease in current assets from 2017 to 2018 is due to winding down of the capital campaign and construction completion of the Children’s Garden and Expanded Visitor Experience.

Capital Assets - Capital assets, net of disposals and accumulated depreciation, decreased $930,000 during 2019 and increased $1,260,000 during 2018.

The following items were capitalized:

- In 2019, Renovations to the 1720 E. Broad Street office including purchases of furniture, fixtures, and equipment, improvements to Children’s Garden paving, courtyard paving and lighting for the Mall way, and the replacement of a boiler.

- In 2018, Children's Garden, Expanded Visitor Experience,1720 E. Broad Street purchase, food truck, catering van, HVAC upgrade, truck with snowplow, and atrium chairs.

- In 2017, barn cooler, catering dishwasher, additional Wells barn items, remaining atrium items, Palm House cooling fans, a new website, and a vehicle.

Depreciation on capital assets was $2,059,000 for 2019, $1,721,000 for 2018 and $1,418,000 for 2017.

Deferred Outflows/Inflows of Resources - Because of the implementation of GASB 68 in 2015, the Conservatory had a deferred outflow of resources of $3,336,000 in 2019, $1,544,000 in 2018, and $2,649,000 in 2017 and a deferred inflow of resources of $120,000 in 2019, $1,050,000 in 2018 and $39,000 in 2017. Also because of the implementation of GASB 75 in 2018, the Conservatory was required to record a deferred outflow of resources of $230,000 in 2018 and deferred inflow of resources of $233,000 in 2018 and deferred outflow of resources of $523,000 in 2019 and deferred inflow of resources of $11,000 in 2019.

Other Noncurrent Assets – The decrease in long-term pledges in 2018 and 2019 was due to the payment on pledges for the Master Plan 2.0 Capital Campaign. The receipt of long-term pledges for the Master Plan 2.0 Capital Campaign, at present value, was the significant factor in the increase in 2017.

Current Liabilities – In 2017, the $200,000 operating line of credit was paid off. In 2018, $500,000 was borrowed on the operating line of credit and remains outstanding as of 2019. Accounts payable and accrued expenses increased by $50,000 in 2019, decreased by $528,000 in 2018, and increased by $675,000 in 2017. Unearned revenue and customer deposits increased by $953,000 in 2019, decreased by $28,000 in 2018, and decreased $90,000 in 2017. The significant increase in unearned revenue in 2019 is due to the Conservatory recording unearned membership revenue for the first time. Previously, these amounts were insignificant to the financial statements. This recording of unearned membership revenue in 2019 resulted in $715,000, or 51% of 2019 membership revenue being deferred to 2020.

Net Pension Liability - Due to the implementation of GASB 68 in 2015, the Conservatory is now required to recognize accrued pension liability. Accrued pension liability of $4,495,000 was recorded in 2019, $1,474,000 was recorded in 2018, and $1,842,000 was recorded in 2017.

Net OPEB Liability - Due to the implementation of GASB 75 in 2018, the Conservatory is now required to recognize accrued OPEB liability. Accrued OPEB liability of $987,000 was recorded in 2019 and $3,127,000 was recorded in 2018.

Notes Payable – In 2019, notes payable decreased primarily due to partial payoff on debt on the Children's Garden loan and the bond on the office space. In 2018, notes payable decreased primarily due to a payoff of a Trustee loan, a partial payoff of debt on the Children's Garden loan, offset partially by a new bond for the purchase of additional office space at 1720 E. Broad Street. In 2017, notes payable decreased primarily due to payoff of the Wells Barn and atrium loans, offset partially by new debt on a Children's Garden loan.

Other Noncurrent Liabilities – Other noncurrent liabilities include accrued compensated absences and remained consistent from year to year.

Net Position - The largest portion of the Conservatory's net position each year represents its investment in capital assets, less related debt outstanding used to acquire those capital assets. The Conservatory uses these assets to provide services to its visitors; consequently, these assets are not available for future spending.

Table 2: Operating Results and Changes in Net Position

The following schedule presents a summary of operating revenue for the fiscal years ended December 31, 2019, 2018, and 2017 (000s omitted).

	2019	2018	2017
General Admissions	$ 2,305	$ 1,695	$ 1,203
Membership	705	1,114	602
Gift shop sales	843	652	556
Facility rentals	3,170	3,132	3,247
Other	967	1,136	944
Total operating revenue	$ 7,990	$ 7,729	$ 6,552

Operating revenue increased by 3% from $7,729,000 to $7,990,000 from 2018 to 2019 reflecting the impact of the Chihuly exhibition and Conservatory Aglow and increased 18% from $6,552,000 to $7,729,000 from 2017 to 2018 reflecting the impact of the investment in the Children's Garden and Expanded Visitor Experience. Additionally, admissions, gift shop, and café sales vary from year to year based on the timing of exhibits and how they resonate with the Conservatory's visitors. Facility rentals and other income help to stabilize total operating revenue. The decrease in membership revenue in 2019 reflects the Conservatory's recording of unearned membership revenue.

Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended December 31, 2019, 2018, and 2017 (000s omitted).

	2019	2018	2017
Payroll, benefit, and taxes	$ 8,540	$ 6,581	$ 6,070
Cost of goods sold	1,012	837	805
Marketing	421	169	165
Operating supplies	960	1,376	1,032
Utilities	299	314	275
Rental expense	264	284	308
Facility expense	318	310	329
Office and banking	423	414	382
Contracted services and professional fees	1,627	1,441	1,012
Other expenses	529	669	532
Depreciation expense	2,059	1,721	1,418
Total operating expenses	$16,452	$14,116	$12,328

Total operating expenses increased by 17% in 2019 due to the Conservatory's Chihuly exhibition and the Conservatory being open in the months of November and December for Conservatory Aglow and two weeks of Pumpkin nights in the month of October. Total operating expenses increased 14 percent in 2018 due to the opening of the Children's Garden and the Expanded Visitor Experience. Total operating expenses increased 17 percent in 2017 due to additional activity including the Conservatory being open in the evenings in the month of December.

Of the 30% increase in personnel costs in 2019, the Conservatory recognized 26% of pension and OPEB expenses, the remaining 4% is due to cost-of-living increases and increased staffing levels for additional activities. Personnel costs increased 8% in 2018 and 28% in 2017; cost-of-living increases and increased staffing levels for additional activities were factors in the two fiscal years.

Cost of goods sold increased in 2019, 2018, and 2017 due to corresponding increase in gross sales in the gift shop and facility rentals. The decrease in operating supplies in 2019 was due to contracting out professional services for the Chihuly exhibition thus increasing contracted services. The increase in operating supplies in 2018 and 2017 was due to the addition of the Children's garden, the Wells Barn and renovated atrium, additional community outreach and education programming, and increased horticulture contracts.

Facility expenses will fluctuate from year to year based on the maintenance needs of the buildings.

Nonoperating Revenue and Expenses

The following schedule presents a summary of non-operating revenue and capital contributions for the fiscal years ended December 31, 2019, 2018, and 2017 (000s omitted).

	2019	2018	2017
Nonoperating revenue:			
City revenue	$ 350	$ 350	$ 500
City - Capital	500	1,500	1,500
County revenue	535	525	525
County revenue - Capital	-	-	500
State revenue - Capital	607	-	1,000
Donations and grants	2,994	3,209	5,398
Interest expense	(177)	(160)	(182)
Total Nonoperating revenue	$ 4,809	$ 5,424	$ 9,241

Nonoperating revenue identified as State, County, and City – Capital , represent State, County, and City campaign gifts for the Master Plan or capital projects.

City revenue remained the same in 2019, decreased by $150,000 in 2018, and increased by $150,000 in 2017. There was a slight increase in operating and programming support by Franklin County in 2019 and there was no change in 2018 and 2017. Franklin County discontinued Master Plan 2.0 support in 2018. In 2017, Franklin County supported the Master Plan 2.0 with a $500,000 grant. A state grant of $1,000,000 to support the Master Plan 2.0 was received in 2017. Donations and grants were reduced by $215,000 in 2019 and $2,189,000 in 2018 due to the close of Master Plan 2.0 capital campaign. In 2017, donations and grants increased by $558,000 primarily due to Master Plan 2.0 capital campaign.

Interest expense was $177,000, $160,000 and $182,000 in 2019, 2018, and 2017, respectively. This expense increased in 2019 due to line of credit increase, reduced in 2018 due to partial paydown of the Children's Garden debt, and increased in 2017 due to additional interest on the Children's Garden debt.

Contacting the Conservatory's Management

This financial report is intended to provide the community with a general overview of the Conservatory's finances and to show the Conservatory's accountability for the money it receives. We welcome you to contact us at Franklin Park Conservatory and Botanical Gardens at 1777 E. Broad Street, Columbus, OH 43203, or at www.fpconservatory.org.

Statement of Net Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 1,779,456	$ 1,738,181
Receivables (Note 3)	1,177,330	1,183,376
Inventory	210,921	169,799
Prepaid expenses	428,385	235,240
Total current assets	3,596,092	3,326,596
Noncurrent assets:		
Capital assets		
Assets not subject to depreciation (Note 4)	3,684,168	3,583,400
Assets subject to depreciation - Net (Note 4)	26,920,858	27,951,611
Restricted cash and cash equivalents (Note 2)	162,198	110,234
Noncurrent receivables (Note 3)	1,011,275	1,462,892
Other noncurrent assets	293,319	245,782
Total noncurrent assets	32,071,818	33,353,919
Total assets	35,667,910	36,680,515
Deferred Outflows of Resources		
Deferred outflows related to pension (Note 8)	3,335,715	1,544,038
Deferred outflows related to OPEB (Note 9)	523,106	230,149
Total deferred outflows of resources	3,858,821	1,774,187
Liabilities		
Current liabilities:		
Accounts payable	569,271	488,508
Accrued expenses	217,675	249,037
Unearned revenue and customer deposits	1,416,339	463,768
Line of credit (Note 5)	500,000	500,000
Current portion of notes payable (Note 6)	761,693	901,057
Total current liabilities	3,464,978	2,602,370
Noncurrent liabilities:		
Net pension liability (Note 8)	8,949,333	4,453,765
Net OPEB liability (Note 9)	4,113,766	3,127,468
Other noncurrent liabilities	18,058	17,741
Notes payable (Note 6)	1,883,281	2,351,378
Total noncurrent liabilities	14,964,438	9,950,352
Total liabilities	18,429,416	12,552,722
Deferred Inflows of Resources		
Deferred inflows related to pension (Note 8)	120,161	1,050,219
Deferred inflows related to OPEB (Note 9)	11,162	232,975
Total deferred inflows of resources	131,323	1,283,194
Net Position		
Net investment in capital assets	27,960,052	28,282,576
Restricted:		
Columbus Foundation	289,086	241,549
Various purposes	233,888	84,325
Annie's Fund	58,240	57,743
Growing to Green program	34,008	33,791
Unrestricted	(7,609,282)	(4,081,198)
Total net position	**$ 20,965,992**	**$ 24,618,786**

See notes to financial statements.

Franklin Park Conservatory Joint Recreation District

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenue		
General admissions	$ 2,304,940	$ 1,694,529
Membership	704,880	1,114,102
Gift shop sales	843,037	652,211
Facility rentals	3,170,363	3,131,935
Other	966,639	1,136,219
Total operating revenue	7,989,859	7,728,996
Operating Expenses		
Salaries and wages	5,183,583	4,679,651
Payroll taxes and benefits	3,356,755	1,901,497
Cost of goods sold	1,011,582	837,308
Marketing	421,091	168,433
Operating supplies	960,266	1,376,196
Utilities	299,472	313,828
Rental expense	264,198	283,551
Facility expenses	317,940	310,397
Office and banking	423,196	413,396
Contracted services and professional fees	1,626,946	1,441,497
Other expense	528,135	668,796
Depreciation expense	2,059,354	1,721,138
Total operating expenses	16,452,518	14,115,688
Operating Loss	(8,462,659)	(6,386,692)
Nonoperating Revenue (Expense)		
State	607,309	-
City	350,000	350,000
City Master Plan and other	500,000	1,500,000
County	535,000	525,000
Donations and grants	2,994,398	3,208,721
Investment income	714	685
Interest expense	(177,556)	(159,892)
Total nonoperating revenue	4,809,865	5,424,514
Change in Net Position	(3,652,794)	(962,178)
Net Position - Beginning of year, as previously reported	24,618,786	28,439,793
Adjustment for Change in Accounting Principle (Note 12)	-	(2,858,829)
Net Position - Beginning of year, as adjusted	24,618,786	25,580,964
Net Position - End of year	**$ 20,965,992**	**$ 24,618,786**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from customers	$ 7,958,497	$ 7,485,844
Payments to others	(6,053,863)	(6,419,663)
Payments to employees	(5,342,406)	(5,434,745)
Net cash and cash equivalents used in operating activities	(3,437,772)	(4,368,564)
Cash Flows from Noncapital Financing Activities		
Noncapital subsidies from city, county, and state	1,992,309	2,375,000
Donations and grants	3,452,375	3,870,587
Net cash and cash equivalents provided by noncapital financing activities	5,444,684	6,245,587
Cash Flows from Capital and Related Financing Activities		
Draw on line of credit - Net of payments	-	500,000
Purchase of capital assets	(1,129,369)	(2,980,775)
Principal paid on long-term debt	(607,462)	(2,665,338)
Interest paid on long-term debt	(177,556)	(159,892)
Issuance of Master Plan note payable	-	1,447,396
Net cash and cash equivalents used in capital and related financing activities	(1,914,387)	(3,858,609)
Cash Flows Provided by Investing Activities - Interest and dividends on cash and investments	714	685
Net Increase (Decrease) in Cash and Cash Equivalents	93,239	(1,980,901)
Cash and Cash Equivalents - Beginning of year	1,848,415	3,829,316
Cash and Cash Equivalents - End of year	**$ 1,941,654**	**$ 1,848,415**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (8,462,659)	$ (6,386,692)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	2,059,354	1,721,138
Changes in assets and liabilities:		
Receivables	(31,362)	(243,152)
Inventory	(41,122)	(43,464)
Prepaid expenses	(193,145)	(25,351)
Accounts payable	80,767	(545,712)
Net pension and OPEB liabilities	2,245,361	913,536
Accrued expenses and other	905,034	241,133
Net cash and cash equivalents used in operating activities	**$ (3,437,772)**	**$ (4,368,564)**
Significant Noncash Transactions - Donation of capital assets	$ 61,800	$ -

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Columbus, Ohio (the "City") and Franklin County, Ohio (the "County") agreed in 1990 to establish Franklin Park Conservatory Joint Recreation District (the "Conservatory") pursuant to the authority contained in Section 755.14 (B) of the Ohio Revised Code (ORC) upon the conclusion of Ameriflora 1992, Inc.'s horticulture exposition held at the Conservatory. In April 2007, the City and the County entered into an amended and restated agreement regarding the Conservatory, pursuant to the authority contained in Section 755.14 (C) of the ORC. The new agreement allows the Conservatory to exist until July 31, 2057. However, the City and the County may renew and extend the agreement for additional successive terms of 50 years, with the title to the Conservatory's assets reverting back to the City at the end of the agreement.

The Conservatory is governed by a 21-member board, eight of whom shall be appointed by the City of Columbus, Ohio's mayor, subject to confirmation by the City Council, and six of whom shall be appointed by Franklin County, Ohio. The governor, the speaker of the House of Representatives, and the president of the Senate of the State of Ohio shall each appoint one member to the Conservatory's board. State-appointed members are nonvoting members if they also serve as members of the Ohio General Assembly; no member presently serves both roles. Four members of the board are appointed by a majority of the existing board members.

The accompanying financial statements present the Conservatory and its component units, entities for which the Conservatory is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Conservatory's operations (See discussion below for description).

<u>Blended Component Units</u>

Friends of the Conservatory

In July 1999, the Conservatory created Friends of the Conservatory (Friends), a separate legal not-for-profit corporation, in accordance with Section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. Although it is legally separate from the Conservatory, Friends of the Conservatory is reported as if it were part of the primary government because its sole purpose is to promote the Conservatory and raise capital and solicit funds in support of the Conservatory.

Franklin Park Conservatory Women's Sustaining Board

In 1984, the Franklin Park Conservatory Women's Sustaining Board (the "Women's Board") was organized to create awareness of the Conservatory, to provide support to the Conservatory, and to broaden the base of support in the community for the Conservatory. The Women's Board is a legally separate not-for-profit organization in accordance with Section 501(c)(3) of the Internal Revenue Code. The Women's Board is considered a blended component unit of the Conservatory.

Joint Venture

The arrangement between the City and the County establishing the Conservatory possesses the characteristics of an entity classified as a joint venture. The City contributed certain capital assets to the Conservatory at the time of its inception, and both the City and the County have historically agreed to annual subsidies. In 2019, the subsidies from the City and the County were $1,992,309 and did not include any contributions for the Master Plan and other. In 2018, the subsidies were $2,375,000, including $1,500,000 in contributions for the Master Plan and other. This represents 16 percent and 18 percent of the Conservatory's 2019 and 2018 revenue, respectively. In the event of the Conservatory's liquidation, its assets will be transferred to the City. Based on the above, the Conservatory is a joint venture between the City and the County. Future capabilities of the Conservatory to operate at current service levels are dependent upon annual subsidies from the City and the County.

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The accounting policies of the Conservatory follow accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by Franklin Park Conservatory Joint Recreation District:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenue from charges for services is reported as operating revenue. Transactions that are capital, financing, or investment related are reported as nonoperating revenue. Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Restricted cash and cash equivalents consist of restrictions, as identified in Note 10.

Receivables

All receivables are shown as net of allowance for uncollectible amounts.

Inventory

Inventory is valued at the average cost method.

Plant Collection

The Conservatory does not capitalize its plants. They are expensed as purchased. The plant collection is held for public exhibition and education; is protected, kept unencumbered, cared for, and preserved; and is subject to a conservatory policy that requires proceeds from sales of the plant collection be used to acquire other plant collections.

Capital Assets

Capital assets, which include property, plant, and equipment, are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital assets are defined by the Conservatory as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Buildings and building improvements	10-30 years
Vehicles	5-10 years
Office furnishings	3-15 years
Other equipment	3-15 years

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Conservatory had deferred outflows of resources related to the net pension liability and net OPEB liability (see Notes 8 and 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Conservatory had deferred inflows of resources related to the net pension liability and net OPEB liability (see Notes 8 and 9).

Pension Costs

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System Pension Plan (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

For the purpose of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS pension plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue and Customer Deposits

Unearned revenue includes amounts for membership dues and deposits for events received prior to the end of the year related to the subsequent accounting period.

Compensated Absences (Vacation and Sick Leave)

It is the Conservatory's policy to allow employees to carry forward three days of paid time off. For employees hired before 2003, it is the Conservatory's policy to pay out any unused sick and vacation time. A liability for these amounts is reported if it is probable that the employee will be compensated through a cash payment.

Budgetary Accounting and Control

The Conservatory's annual budget is prepared on the accrual basis of accounting and approved by the board of directors. The budget includes anticipated amounts for current year revenue and expenses, as well as contributions, grants, and new capital projects. The Conservatory maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. The board is apprised every other month of actual results compared to budget. All budget amounts lapse at year end.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the Conservatory has reported a change in accounting principle adjustment to unrestricted net position of $2,858,829, which is the net of the net OPEB liability and related deferred outflows of resources as of January 1, 2018. December 31, 2017 amounts have not been restated to reflect the impact of GASB Statement No. 75 because the information is not available to calculate the impact on OPEB expense for the year ended December 31, 2017.

In November 2016, the Governmental Accounting Standards Board issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Conservatory adopted this standard in the current year, and the standard did not have a significant impact on the financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Conservatory adopted this standard in the current year, and the standard did not have a significant impact on the financial statements.

Note 2 - Deposits and Investments

These amounts are classified into the following categories:

	2019	
	Cash and Cash Equivalents	Restricted Cash (Note 10)
Deposits with financial institutions	$ 1,768,852	$ 162,198
Cash on hand	10,604	-
Total	$ 1,779,456	$ 162,198

	2018	
	Cash and Cash Equivalents	Restricted Cash (Note 10)
Deposits with financial institutions	$ 1,727,951	$ 110,234
Cash on hand	10,230	-
Total	$ 1,738,181	$ 110,234

Note 2 - Deposits and Investments (Continued)

The investment and deposit of the Conservatory's monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, the Conservatory is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; bankers' acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAR Ohio.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Conservatory's deposits may not be returned to it. The Conservatory does not have a deposit policy for custodial credit risk. At year end, the Conservatory's deposit balance with financial institutions was $1,955,086 and $1,910,492 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the Conservatory had $862,137 and $879,783, respectively, of bank deposits that were covered by deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC).

Note 3 - Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	2019	2018
Short-term pledge receivable	$ 885,938	$ 838,348
Other short-term receivables	310,806	355,812
Long-term pledge receivable	1,143,700	1,675,000
Less:		
Allowance for doubtful accounts	19,414	10,784
Discount	132,425	212,108
Total accounts receivable	$ 2,188,605	$ 2,646,268

Note 4 - Capital Assets

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

	Balance January 1, 2019	Transfers	Additions	Disposals	Balance December 31, 2019
Capital assets not being depreciated:					
Land	$ 100,000	$ -	$ -	$ -	$ 100,000
Art collection	3,483,400	-	61,756	(53,000)	3,492,156
Construction in progress	-	(1,023,534)	1,115,546	-	92,012
Subtotal	3,583,400	(1,023,534)	1,177,302	(53,000)	3,684,168
Capital assets being depreciated:					
Buildings	32,346,254	-	-	-	32,346,254
Building improvements	7,773,966	231,388	-	(9,615)	7,995,739
Exhibits	19,915	-	-	-	19,915
Equipment and fixtures	3,294,954	792,146	7,268	(42,972)	4,051,396
Vehicles	303,970	-	-	-	303,970
Subtotal	43,739,059	1,023,534	7,268	(52,587)	44,717,274
Accumulated depreciation	15,787,448	-	2,059,353	(50,385)	17,796,416
Net capital assets being depreciated	27,951,611	1,023,534	(2,052,085)	(2,202)	26,920,858
Net capital assets	$ 31,535,011	$ -	$ (874,783)	$ (55,202)	$ 30,605,026

	Balance January 1, 2018	Transfers	Additions	Disposals	Balance December 31, 2018
Capital assets not being depreciated:					
Land	$ 100,000	$ -	$ -	$ -	$ 100,000
Art collections	3,433,850	-	65,550	(16,000)	3,483,400
Construction in progress	6,240,884	(8,416,288)	2,175,404	-	-
Subtotal	9,774,734	(8,416,288)	2,240,954	(16,000)	3,583,400
Capital assets being depreciated:					
Buildings	24,308,940	7,486,026	551,288	-	32,346,254
Buildings improvements	7,743,777	24,408	41,257	(35,476)	7,773,966
Exhibits	186,864	-	-	(166,949)	19,915
Equipment and fixtures	2,414,429	905,169	5,380	(30,024)	3,294,954
Vehicles	148,939	685	161,456	(7,110)	303,970
Subtotal	34,802,949	8,416,288	759,381	(239,559)	43,739,059
Accumulated depreciation	14,302,309	-	1,721,138	(235,999)	15,787,448
Net capital assets being depreciated	20,500,640	8,416,288	(961,757)	(3,560)	27,951,611
Net capital assets	$ 30,275,374	$ -	$ 1,279,197	$ (19,560)	$ 31,535,011

Note 5 - Line of Credit

During 2017, the Conservatory entered into a revolving credit agreement with The Huntington National Bank for operations. The line has a maximum borrowing of $1,000,000 and matures on July 15, 2020. It bears an interest rate at the London Interbank Offered Rate (LIBOR) plus 2.65 percent; the effective interest rate at December 31, 2019 and 2018 was 4.0625 percent, and 4.8125 percent. respectively. The line of credit is guaranteed by the Friends of the Conservatory through the maturity date. The Conservatory made a payment and a draw of $300,000, for $0 net activity during 2019, and drew $500,000 during 2018. Neither the Conservatory nor Friends made net payments during 2018, and the line of credit has an outstanding balance of $500,000 at both December 31, 2019 and 2018.

Note 6 - Long-term Debt

The changes in notes payable and compensated absences for the years ended December 31, 2019 and 2018 were as follows:

	2019					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long Term
Compensated absences	$ 43,644	$ 7,766	$ -	$ 51,410	$ 33,352	$ 18,058
Notes payable	3,252,435	-	(607,461)	2,644,974	761,693	1,883,281
Total long-term obligations	$ 3,296,079	$ 7,766	$ (607,461)	$ 2,696,384	$ 795,045	$ 1,901,339

	2018					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long Term
Compensated absences	$ 47,700	$ -	$ (4,056)	$ 43,644	$ 25,903	$ 17,741
Notes payable	4,470,377	1,447,396	(2,665,338)	3,252,435	901,057	2,351,378
Total long-term obligations	$ 4,518,077	$ 1,447,396	$ (2,669,394)	$ 3,296,079	$ 926,960	$ 2,369,119

During 2014, the Conservatory obtained a $1,500,000 unsecured promissory note (direct borrowing) to provide construction financing for the second phase of the Master Plan. The note bears interest at a fixed annual rate of 5 percent. Quarterly installments of interest and principal are due according to draws made through maturity in September 2023. As of December 31, 2019 and 2018, the outstanding loan balance was $1,172,205 and $1,260,385, respectively.

During 2015, the Conservatory obtained a $300,000 unsecured promissory note (direct borrowing) with a related party to provide construction financing for the second phase of the Master Plan. The loan was paid in full on February 28, 2018.

During 2017, the Conservatory entered into a delayed draw loan agreement (direct borrowing) for construction of a children's garden and an expanded visitor experience under the second phase of the Master Plan. Interest only is due in monthly installments and is accrued at the daily LIBOR plus 2.25 percent (4.0625 percent at December 31, 2019). Beginning in December 2018, the aggregate unpaid principal became subject to repayment quarterly. The quarterly repayment amounts are determined based on all pledges available for the project collected during the previous quarter. Any unpaid principal is due upon maturity in July 2021. The loan is secured by all personal property, except certain assets and rights under purchase agreement. The outstanding loan balance was $999,070 and $1,497,050 as of December 31, 2019 and 2018, respectively.

Note 6 - Long-term Debt (Continued)

During 2018, the Conservatory obtained a $495,000 loan (direct borrowing) for a commercial property in Columbus, Ohio. The purchased property is pledged as collateral for the loan. The loan is payable over 10 years but is based on a 15-year amortization schedule. Monthly payments are $4,133, and the interest rate is fixed at 5.75 percent. The outstanding loan balance was $473,699 and $495,000 at December 31, 2019 and 2018, respectively.

In 2019 and 2018, the Conservatory paid interest of approximately $178,000 and $160,000, respectively. Annual debt service requirements to maturity for the above note obligations are estimated as follows:

Years Ending December 31	Principal	Interest	Total
2020	$ 761,693	$ 82,136	$ 843,829
2021	475,186	76,210	551,396
2022	129,060	69,730	198,790
2023	135,884	62,906	198,790
2024	795,401	47,203	842,604
2025-2029	347,750	66,390	414,140
Total	$ 2,644,974	$ 404,575	$ 3,049,549

Note 7 - Risk Management

The Conservatory maintains comprehensive insurance coverage with private carriers for real property, building contents, directors and officers' liability insurance, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, the Conservatory provides medical benefits to most of its full-time employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs. The Conservatory is part of the statewide plan for workers' compensation insurance coverage. There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

Note 8 - Defined Benefit Pension Plan

Plan Description

All conservatory employees are required to participate in the statewide Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension 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 member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, 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 pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Note 8 - Defined Benefit Pension Plan (Continued)

Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement board of the system sets contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plan's 2019 and 2018 contribution rates (for measurement dates of December 31, 2018 and 2017) on covered payroll are as follows:

	2019 Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefits	Total
OPERS	14.00 %	- %	- %	14.00 %

	2018 Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefits	Total
OPERS	13.00 %	1.00 %	- %	14.00 %

The Conservatory's required and actual contributions to the plan for the years ended December 31, 2019 and 2018 were approximately $715,000 and $641,000, respectively.

Benefits Provided

Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15 to 30 years), age (48 to 62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with one and one-half years of service credits with the plan obtained within the last two and one-half years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance after the employee's retirement date. Retirement benefits for the defined benefit portion of the plan increase 3 percent annually of the original base amount, regardless of changes in the Consumer Price Index, for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, beginning in calendar year 2019, the increase will be based on the average increase in the Consumer Price Index.

Note 8 - Defined Benefit Pension Plan (Continued)

Net Pension Liability, Deferrals, and Pension Expense

At December 31, 2019 and 2018, the Conservatory reported a liability for its proportionate share of the net pension liability. For December 31, 2019, the net pension liability was measured as of December 31, 2018. For December 31, 2018, the net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Conservatory's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Measurement Date	Net Pension Liability	Proportionate Share
December 31, 2018	$ 8,949,333	0.03268%
December 31, 2017	4,453,765	0.02842%

The Conservatory's proportionate share increased 13.0 percent and 8.6 percent during 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, the Conservatory recognized pension expense of approximately $2,469,000 and $1,207,000, respectively.

At December 31, 2019 and 2018, the Conservatory reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,086	$ 117,693	$ 8,439	$ 88,893
Changes in assumptions	779,444	-	533,436	-
Net difference between projected and actual earnings on pension plan investments	1,215,120	-	-	958,427
Difference between actual and proportionate share of contributions	623,018	2,468	361,426	2,899
Employer contributions to the plan subsequent to the measurement date	715,047	-	640,737	-
Total	$ 3,335,715	$ 120,161	$ 1,544,038	$ 1,050,219

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2020	$ 1,191,187
2021	623,009
2022	114,095
2023	566,488
2024	1,342
Thereafter	4,386

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in 2020.

Note 8 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability is based on the results of an actuarial valuation as determined by using the following actuarial assumptions applied to all periods included in the measurement:

	2019	2018
Valuation date	December 31, 2018	December 31, 2017
Actuarial cost method	Individual entry age	Individual entry age
Cost of living	2.15 percent - 3.00 percent	3.0 percent
Salary increases, including inflation	3.25 percent to 10.75 percent	3.25 percent to 10.75 percent
Inflation	2.50 percent	2.50 percent
Investment rate of return	7.20 percent, net of pension plan investment expense	7.50 percent, net of pension plan investment expense
Mortality rates	RP-2014 Healthy Annuitant Mortality Table	RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of five years ended December 31, 2015.

Discount Rate

The discount rates used to measure the total pension liability were 7.20 percent and 7.50 percent for the plan years ended December 31, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2019		2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	23.00 %	2.79 %	23.00 %	2.20 %
Domestic equities	19.00	6.21	19.00	6.37
Real estate	10.00	4.90	10.00	5.26
Private equity	10.00	10.81	10.00	8.97
International equity	20.00	7.83	20.00	7.88
Other investments	18.00	5.50	18.00	5.26

Note 8 - Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Conservatory, calculated using the discount rate of 7.20 percent and 7.50 percent for the years ended December 31, 2019 and 2018, respectively, as well as what the Conservatory's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.2%)	Current Discount Rate (7.2%)	1 Percentage Point Increase (8.2%)
Net pension liability - 2019	$ 13,221,909	$ 8,949,333	$ 5,398,629

	1 Percentage Point Decrease (6.5%)	Current Discount Rate (7.5%)	1 Percentage Point Increase (8.5%)
Net pension liability - 2018	$ 7,915,358	$ 4,453,765	$ 1,567,908

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in a separately issued OPERS financial report.

Note 9 - Other Postemployment Benefit Plan

Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2019 and 2018, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB plan.

Note 9 - Other Postemployment Benefit Plan (Continued)

OPERS' postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of the postemployment healthcare benefits. The portion of employer contributions allocated to health care for members was 0 percent and 1 percent for the OPERS plan years ended December 31, 2018 and 2017, respectively. The Conservatory did not make contributions to OPEB during 2019 and 2018 in accordance with statutory requirements. The OPERS board of trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Deferred Compensation Plan

The Conservatory also maintains a voluntary deferred compensation plan, which allows eligible employees to defer a portion of their salary to be held in trust up to certain established annual limits.

Net OPEB Liability

At December 31, 2019, the Conservatory reported a liability of $4,113,766 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The Conservatory's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At December 31, 2019, the Conservatory's proportion was 0.03155 percent.

At December 31, 2018, the Conservatory reported a liability of $3,127,468 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The Conservatory's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At December 31, 2018, the Conservatory's proportion was 0.0288 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Conservatory recognized OPEB expense of approximately $479,000 and $271,000 at December 31, 2019 and 2018, respectively.

Note 9 - Other Postemployment Benefit Plan (Continued)

At December 31, 2019 and 2018, the Conservatory reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,393	$ 11,162	$ 2,436	$ -
Changes in assumptions	132,633	-	227,713	-
Net difference between projected and actual earnings on OPEB plan investments	188,592	-	-	232,975
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	200,488	-	-	-
Total	$ 523,106	$ 11,162	$ 230,149	$ 232,975

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Amount
2020	$ 246,186
2021	136,675
2022	34,076
2023	95,007
Total	$ 511,944

Actuarial Assumptions

The total OPEB liability is based on the results of an actuarial valuation and was determined using the following actuarial assumptions applied to all periods included in the measurement:

	2019	2018
Actuarial valuation date	December 31, 2017	December 31, 2016
Rolled forward measurement date	December 31, 2018	December 31, 2017
Experience study	Five-year period ended December 31, 2015	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age normal	Individual entry age normal
Single discount rate	3.96%	3.85%
Investment rate of return (net of investment expenses)	6.00%	6.50%
Municipal bond rate	3.71%	3.31%
Wage inflation	2.50%	3.25%
Projected salary increases, including inflation	3.25% - 10.75%	3.25% - 10.75%
Healthcare cost trend rate	10.0% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028
Mortality rates	RP-2014 Mortality Table	RP-2014 Mortality Table

Note 9 - Other Postemployment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.96 percent and 3.85 percent at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 and 6.50 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 3.71 percent and 3.31 percent at December 31, 2018 and 2017, respectively. At December 31, 2019, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all healthcare costs after that date. At December 31, 2017, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all healthcare costs after that date.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

	2019	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	34.00 %	2.42 %
Domestic equities	21.00	6.21
REITs	6.00	5.98
International equities	22.00	7.83
Other investments	17.00	5.57

	2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	34.00 %	1.88 %
Domestic equities	21.00	6.37
REITs	6.00	5.91
International equities	22.00	7.88
Private equity	17.00	5.39

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Conservatory, calculated using the discount rates below, as well as what the Conservatory's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2019		
	1 Percentage Point Decrease (2.96%)	Current Discount Rate (3.96%)	1 Percentage Point Increase (4.96%)
Net OPEB liability	$ 5,263,040	$ 4,113,766	$ 3,199,790

	2018		
	1 Percentage Point Decrease (2.85%)	Current Discount Rate (3.85%)	1 Percentage Point Increase (4.85%)
Net OPEB liability	$ 4,154,976	$ 3,127,468	$ 2,296,224

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Conservatory, calculated using the healthcare cost trend rates listed below, as well as what the Conservatory's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2019		
	1 Percentage Point Decrease	Current Healthcare Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability	$ 3,954,222	$ 4,113,766	$ 4,297,519

	2018		
	1 Percentage Point Decrease	Current Healthcare Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability	$ 2,992,320	$ 3,127,468	$ 3,267,072

OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued OPERS financial report.

Deferred Compensation Plan

The Conservatory also maintains a voluntary deferred compensation plan, which allows eligible employees to defer a portion of their salary to be held in trust up to certain established annual limits. All employees are eligible to participate in the plan, and their contributions are fully vested. All contributions are made by the employee and were approximately $30,000 and $28,000 for 2019 and 2018, respectively. Plan assets were $811,000 and $645,000 at December 31, 2019, and 2018, respectively.

Note 10 - Restricted Net Position

Net position of the Conservatory has been restricted for the following purposes:

	2019	2018
Columbus Foundation	$ 289,086	$ 241,549
Restricted - Various purposes	233,888	84,325
Annie's Fund	58,240	57,743
Growing to Green Program	34,008	33,791
Total	$ 615,222	$ 417,408

In 1996, the Women's Board created a fund for the Conservatory at the Columbus Foundation, an Ohio not-for-profit corporation. These funds are included in other noncurrent assets.

Contributions were received from donors for various restricted purposes. These funds are included in the restricted cash and cash equivalents and receivables.

In 2001, Annie's Fund for the Creative Arts created a fund for the Conservatory in the form of a collection of koi (Japanese carp) fish. All donations received are reserved, and the interest is restricted for the care and support of these fish and their environment. These funds are included in restricted cash and cash equivalents in the statement of net position.

In 2006, the Growing to Green Endowment was established to support the annual program operations of the Conservatory's Growing to Green Program. All donations received are reserved and restricted for this program. These funds are included in the restricted cash and cash equivalents.

In 2017 and 2016, the Conservatory received donations for the specific use of construction of the Children's Garden. Any unspent funds are included in restricted cash and cash equivalents and receivables.

Unrestricted net position of the Conservatory at December 31, 2019 and 2018 is as follows:

	2019	2018
Designated for capital projects	$ 2,002,202	$ 2,841,882
Designated for financial sustainability	597,252	597,252
Undesignated	(10,208,736)	(7,520,332)
Total	$ (7,609,282)	$ (4,081,198)

In July 1999, the Conservatory created Friends of the Conservatory, a separate legal not-for-profit corporation, in accordance with Section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. During 2005, Friends began raising support for the Conservatory's Master Plan. The Master Plan is a comprehensive strategic plan to promote programmatic and financial goals of the Conservatory. These donations are designated for the purpose of the Master Plan.

Note 11 - Blended Component Units

As of December 31, 2019, the condensed statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows for the blended component units are as follows:

	2019	
	Friends of the Conservatory	Women's Sustaining Board
Current assets	$ 6,781,008	$ 151,662
Nondepreciable capital assets	3,492,156	-
Other noncurrent assets	1,081,225	-
Total assets	$ 11,354,389	$ 151,662
Current liabilities	$ 753,713	$ 43,363
Noncurrent liabilities	1,432,119	-
Net position:		
Net investment in capital assets	3,492,156	-
Restricted	289,086	-
Unrestricted	5,387,315	108,299
Total net position	9,168,557	108,299
Total liabilities and net position	$ 11,354,389	$ 151,662
Operating revenue	$ -	$ 98,025
Operating expenses	2,598	207,976
Loss from operations	(2,598)	(109,951)
Nonoperating revenue (expenses):		
Donations and grants	1,682,673	431,922
Interest expense	(59,910)	-
Operating support to other entities	(750,000)	(312,246)
Total nonoperating revenue	872,763	119,676
Increase in net position	$ 870,165	$ 9,725
Net cash used in operating activities	$ (285,680)	$ (130,559)
Net cash provided by noncapital financing activities	1,008,033	119,676
Net cash used in capital and related financing activities	(586,160)	-
Net increase (decrease) in cash and cash equivalents	136,193	(10,883)
Cash and cash equivalents - Beginning of year	543,531	135,667
Cash and cash equivalents - End of year	$ 679,724	$ 124,784

Note 12 - Change in Accounting Principle

During 2018, the Conservatory implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing other postemployment benefit liabilities, as well as related deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on net position as reported at January 1, 2018:

Net position - Beginning of year, as previously reported	$ 28,439,793
Effect of change	(2,858,829)
Net position - Beginning of year, as restated	$ 25,580,964

Note 13 - Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Conservatory is currently evaluating the impact of this standard. The provisions of this statement are effective for the year ending December 31, 2020.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the year ending December 31, 2020.

Note 14 - Subsequent Event

The United States and the State of Ohio declared a state of emergency in early March 2020 due to the global coronavirus disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the Conservatory. The impact on the Conservatory’s future operating costs, revenue, and any recovery from emergency funding, federal, state, or local, cannot be estimated.

Required Supplementary Information

Required Supplementary Information
Schedule of the Conservatory's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

Last Five Plan Years

Years Ended December 31

	2018	2017	2016	2015	2014
Franklin Park Conservatory's proportion of the net pension liability	0.03268 %	0.02842 %	0.02617 %	0.02364 %	0.02295 %
Franklin Park Conservatory's proportionate share of the net pension liability	$ 8,949,333	$ 4,453,765	$ 5,927,842	$ 4,085,885	$ 2,766,370
Franklin Park Conservatory's covered payroll	$ 5,183,583	$ 4,678,697	$ 3,759,323	$ 3,348,521	$ 3,090,364
Franklin Park Conservatory's proportionate share of the net pension liability as a percentage of its covered payroll	172.65 %	95.19 %	157.68 %	122.02 %	89.52 %
Plan fiduciary net position as a percentage of total pension liability	74.91 %	84.85 %	77.39 %	81.20 %	86.50 %

Information prior to 2014 is not available.

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Ohio Public Employees Retirement System

Last Five Fiscal Years

Years Ended December 31

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 715,047	$ 640,737	$ 565,626	$ 515,151	$ 468,793
Contributions in relation to the statutorily required contribution	715,047	640,737	565,626	515,151	468,793
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Conservatory's Covered Payroll	$ 5,107,479	$ 4,576,693	$ 4,040,186	$ 3,679,650	$ 3,348,521
Contributions as a Percentage of Covered Employee Payroll	14.00 %	14.00 %	14.00 %	14.00 %	14.00 %

Information prior to 2015 is not available.

See notes to required supplementary information.

Required Supplementary Information
Schedule of the Conservatory's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System

Last Two Plan Years

Plan Year Ended December 31

	2018	2017
Conservatory's proportion of the net OPEB liability	0.03155 %	0.02880 %
Conservatory's proportionate share of the net OPEB liability	$ 4,113,766	$ 3,127,468
Conservatory's covered payroll	$ 5,183,583	$ 4,678,697
Conservatory's proportionate share of the net OPEB liability as a percentage of its payroll	79.36 %	95.19 %
Plan fiduciary net position as a percentage of total OPEB liability	46.33 %	54.14 %

Information prior to 2017 is not available.

Required Supplementary Information
Schedule of OPEB Contributions
Ohio Public Employees Retirement System

Last Two Fiscal Years

Year Ended December 31

	2019	2018
Statutorily required contribution	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-
Contribution Excess	**$ -**	**$ -**
Conservatory's Covered Employee Payroll	$ 5,107,479	$ 4,576,693
Contributions as a Percentage of Covered Employee Payroll	- %	- %

Information prior to 2018 is not available.

See notes to required supplementary information.

Pension

Changes in Benefit Terms

There were no changes in benefit terms affecting the OPERS plan.

Changes in Assumptions

There were no changes in assumptions affecting the OPERS plan for the plan years ended December 31, 2018 or 2017.

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The assumed rate of return decreased from 8 percent to 7.5 percent. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPEB

Changes in Benefit Terms

There were no changes in benefit terms affecting the OPERS plan for the plan years ended December 31, 2018 or 2017.

Changes of Assumptions

There were no changes in assumptions affecting the OPERS plan for the plan years ended December 31, 2018 or 2017.

Other Supplementary Information

Franklin Park Conservatory
Statement of Revenue and Expenses
For the Twelve Months Ending December 31, 2019

	DAILY ACTIVITIES			FRANKLIN PARK CONSERVATORY			FRIENDS OF THE CONSERVATORY			WOMEN'S	
	FPC	FOC	TOTAL	DAILY ACTIVITIES	OTHER ACTIVITIES	COMBINING TOTAL	DAILY ACTIVITIES	OTHER ACTIVITIES	**COMBINING TOTAL**	**SUSTAINING BOARD**	**TOTAL CONSOLIDATED**
OPERATING REVENUE											
General Admissions	2,304,940	-	2,304,940	2,304,940	-	2,304,940	-	-	-	-	2,304,940
Memberships	691,825	-	691,825	691,825	-	691,825	-	-	-	13,055	704,880
Gift Shop Sales	843,037	-	843,037	843,037	-	843,037	-	-	-	-	843,037
Facility Rentals & Cafe Sales	3,170,362	-	3,170,362	3,170,363	-	3,170,363	-	-	-	-	3,170,363
Education	449,910	-	449,910	449,910	-	449,910	-	-	-	-	449,910
Horticulture Income	329,724	-	329,724	329,724	-	329,724	-	-	-	-	329,724
Other Income	102,033	-	102,033	102,035	-	102,035	-	-	-	84,970	187,005
Total Operating Revenue	7,891,831	-	7,891,831	7,891,834	-	7,891,834	-	-	-	98,025	7,989,859
OPERATING EXPENSES											
Salaries & Wages	5,173,583	-	5,173,583	5,173,583	10,000	5,183,583	-	-	-	-	5,183,583
Payroll Taxes and Benefits	1,111,391	-	1,111,391	1,111,391	2,245,364	3,356,755	-	-	-	-	3,356,755
Cost of Goods Sold	1,011,581	-	1,011,581	1,011,582	-	1,011,582	-	-	-	-	1,011,582
Marketing	417,351	-	417,351	417,353	-	417,353	-	-	-	3,738	421,091
Operating Supplies	956,618	-	956,618	956,616	3,650	960,266	-	-	-	-	960,266
Utilities	299,473	-	299,473	299,472	-	299,472	-	-	-	-	299,472
Rental Expense	240,886	-	240,886	240,886	-	240,886	-	-	-	23,312	264,198
Facility Expense	317,940	-	317,940	317,940	-	317,940	-	-	-	-	317,940
Office and Banking	421,347	319	421,666	421,346	-	421,346	319	-	319	1,531	423,196
Contracted Services and Professional Fees	1,609,558	-	1,609,558	1,609,558	1,822	1,611,380	-	-	-	15,566	1,626,946
Other Expense	378,731	2,280	381,011	340,352	21,674	362,026	2,280	-	2,280	163,829	528,135
Total Operating Expenses	11,938,459	2,599	11,941,058	11,900,079	2,282,510	14,182,589	2,599	-	2,599	207,976	14,393,164
Operating Loss before Depreciation	(4,046,628)	(2,599)	(4,049,227)	(4,008,245)	(2,282,510)	(6,290,755)	(2,599)	-	(2,599)	(109,951)	(6,403,305)
Depreciation	-	-	-	-	2,059,354	2,059,354	-	-	-	-	2,059,354
Operating Loss	(4,046,628)	(2,599)	(4,049,227)	(4,008,245)	(4,341,864)	(8,350,109)	(2,599)	-	(2,599)	(109,951)	(8,462,659)
NONOPERATING REVENUE (EXPENSES)											
Intergovernmental Revenue											
City	350,000	-	350,000	350,000	500,000	850,000	-	-	-	-	850,000
County	535,000	-	535,000	535,000	-	535,000	-	-	-	-	535,000
State	42,690	-	42,690	42,690	564,619	607,309	-	-	-	-	607,309
Donations and Grants	867,265	1,134,233	2,001,498	867,266	12,538	879,804	1,134,233	292,689	1,426,922	431,922	2,738,648
GCAC operating Support	-	257,438	257,438	-	-	-	257,438	(1,688)	255,750	-	255,750
Operating Support from FOC to FPC	750,000	(750,000)	-	750,000	-	750,000	(750,000)	-	(750,000)	-	-
Operating Support from WSB to FPC	310,900	-	310,900	310,900	-	310,900	-	-	-	(310,900)	-
Transfers	53,061	(86,180)	(33,119)	53,061	(53,061)	-	(86,180)	86,180	-	-	-
Investment Income	(420)	-	(420)	714	-	714	-	-	-	-	714
Investment Expense	(51,494)	(59,910)	(111,404)	(51,494)	(66,152)	(117,646)	(59,910)	-	(59,910)	-	(177,556)
Total nonoperating revenue	2,857,002	495,581	3,352,583	2,858,137	957,944	3,816,081	495,581	377,181	872,762	121,022	4,809,865
INCOME (LOSS)	**(1,189,626)**	**492,982**	**(696,644)**	**(1,150,108)**	**(3,383,920)**	**(4,534,028)**	**492,982**	**377,181**	**870,163**	**11,071**	**(3,652,794)**

FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Horticulture & Exhibits	Education	Audience Development	Other	Master Plan Planning	Total Program Expenses	Management & General Expenses	Fundraising	Other Non Programing	Total
Payroll, benefit and tax	2,068,847	978,211	736,396	424,617	13,567	4,221,638	1,248,255	699,059	2,371,386	8,540,338
Cost of goods sold-Gift Shop	-	-	-	-	-	-	-	-	443,508	443,508
Cost of goods sold-Beverages	-	-	-	-	-	-	-	-	568,074	568,074
Marketing and advertising	204,744	6,472	130,696	11,273	-	353,185	250	16,270	51,386	421,091
Animals and related supplies	83,771	-	-	-	-	83,771	-	-	-	83,771
Plants, seeds, soil, mulch, containers	367,958	-	-	-	-	367,958	-	-	-	367,958
Signage and displays	84,939	493	-	4,253	-	89,685	-	5,538	807	96,030
Operating supplies and equipment	67,418	55,427	43,013	46,650	3,650	216,158	124,925	758	38,880	380,721
Equipment rental	9,906	-	-	23,312	-	33,218	12,962	39,202	46,987	132,369
Linens	-	-	-	-	-	-	-	-	83,676	83,676
Maintenance	1,473	-	54	-	-	1,527	153,752	-	775	156,054
Utilities-gas, electric, telephone	-	28	-	-	-	28	299,417	-	27	299,472
Fuel	103	-	-	-	-	103	17,039	-	-	17,142
Building rental	35,000	-	-	-	-	35,000	13,153	-	-	48,153
Insurance	-	-	-	-	-	-	161,886	-	-	161,886
Office supplies and equipment	5,113	3,604	1,720	17,547	-	27,984	105,729	2,985	8,475	145,173
Banking and credit card fees	-	-	-	-	-	-	218,242	-	-	218,242
Postage	14,400	36	10,166	24,691	-	49,293	3,946	6,431	111	59,781
Professional services	639	-	111	-	-	750	45,897	-	-	46,647
Contracted services	481,131	44,296	463,933	127,311	1,822	1,118,493	275,520	69,175	117,111	1,580,299
Conference, travel and entertainment	45,651	11,595	195	5,740	-	63,181	25,979	5,841	9,743	104,744
Hospitality and catering	2,974	7,217	1,393	9,758	-	21,342	24,384	61,741	3,480	110,947
Interest expense	-	-	-	-	66,152	66,152	111,404	-	-	177,556
Other expenses	66,801	41,681	1,037	166,034	21,674	297,227	63,802	1,436	3,003	365,468
Depreciation	498,867	235,879	177,569	102,389	3,271	1,017,975	300,995	168,566	571,818	2,059,354
Total	**4,039,735**	**1,384,939**	**1,566,283**	**963,575**	**110,136**	**8,064,668**	**3,207,537**	**1,077,002**	**4,319,247**	**16,668,454**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Finance Committee
Franklin Park Conservatory Joint Recreation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Franklin Park Conservatory Joint Recreation District (the "Conservatory") as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, and have issued our report thereon dated March 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservatory's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservatory's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservatory's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Conservatory's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

To Management and the Finance Committee
Franklin Park Conservatory Joint Recreation District

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservatory's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservatory's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 18, 2020

OHIO AUDITOR OF STATE
KEITH FABER

FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 16, 2020