

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

Basic Financial Statements
(Audited)

For the Year Ended
December 31, 2017

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis.....	9
Statement of Activities - Cash Basis.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis General Fund	13
Notes to the Basic Financial Statements.....	14 - 26
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27 - 28
Schedule of Findings and Responses.....	29 - 31
Summary Schedule of Prior Audit Findings.....	32



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Independent Auditor's Report

MetroParks of Butler County
Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the MetroParks of Butler County, Butler County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the MetroParks of Butler County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the MetroParks of Butler County, Butler County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of the MetroParks of Butler County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MetroParks of Butler County's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 21, 2018

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The discussion and analysis of the MetroParks of Butler County (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2017 are as follows:

- Net position increased \$1,050,139 which represents a 47.91% increase from 2016.
- General receipts accounted for \$10,319,112, or 91.15% of all receipts. Program specific receipts, in the form of charges for services and sales and capital grants and contributions, accounted for \$1,002,199 or 8.85% of total receipts of \$11,261,293.
- The District had \$10,271,172 in disbursements related to governmental activities; program-specific charges for services, grants and contributions offset only \$1,002,199 of these disbursements. General receipts supporting governmental activities totaling \$10,319,112 including local taxes, unrestricted grants and entitlements and miscellaneous receipts, were adequate to provide for these programs.
- The District's receipts increased \$3,537,996 or 45.46% from the prior year. Additionally, the disbursements increased \$1,313,114 or 14.66% from the prior year. In addition, the District issued bonds during the year in the amount of \$3,718,000. \$697,238 of these bond proceeds were used to refund outstanding debt.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position - cash basis and the statement of activities - cash basis provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. As permitted in the Ohio Revised Code, the District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the effects of these items on revenues and expenses, are not recorded in these financial statements.

Reporting the Board as a Whole

The statement of net position - cash basis and the statement of activities - cash basis reflect how the District performed financially during 2017, within the limitations of the cash basis of accounting. The statement of net position - cash basis presents the cash balances of the governmental activities of the District at year-end. The statement of activities - cash basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is an indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, considerations include other non-financial factors as well, such as the District's tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth.

The statement of net position - cash basis and the statement of activities - cash basis present governmental activities, which include all the District's services. The District has no business-type activities.

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the District are governmental.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Funds - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental fund is the general fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The District as a Whole

Table 1 provides a summary of the District's net position for 2017 and 2016.

**Table 1
Net Position**

	Governmental Activities	
	2017	2016
<u>Assets:</u>		
Cash with Fiscal Agent	\$ 3,242,002	\$ 2,191,863
Total assets	\$ 3,242,002	\$ 2,191,863
<u>Net position:</u>		
Restricted	\$ 856,327	\$ 5
Unrestricted	2,385,675	2,191,858
Total net position	\$ 3,242,002	\$ 2,191,863

The District's cash balance and net position at December 31, 2017 amounted to \$3,242,002. Of this amount, \$856,327 is restricted as to use.

Table 2 reflects the change in net position in 2017 and 2016.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

**Table 2
Changes in Net Position - Cash Basis**

	Governmental Activities		Change
	2017	2016	
Receipts:			
Program cash receipts:			
Charges for services and sales	\$ 823,209	\$ 499,706	\$ 323,503
Operating grants and contributions	-	100,656	(100,656)
Capital Grants and Contributions	178,990	1,910,142	(1,731,152)
Total program cash receipts	<u>1,002,199</u>	<u>2,510,504</u>	<u>(1,508,305)</u>
General receipts:			
Local taxes	4,703,710	3,303,046	1,400,664
Grants and entitlements not restricted			
by specific program	1,703,967	1,317,093	386,874
Donations	13,542	17,019	(3,477)
Interest	47,302	5,053	42,249
Miscellaneous	132,591	630,600	(498,009)
Refunding bonds	3,718,000	-	3,718,000
Total general receipts	<u>10,319,112</u>	<u>5,272,811</u>	<u>5,046,301</u>
Total receipts	<u>11,321,311</u>	<u>7,783,315</u>	<u>3,537,996</u>
Disbursements:			
Salaries and benefits	2,944,038	2,587,810	356,228
Materials and supplies	710,118	734,320	(24,202)
Contracted services	1,419,230	1,263,804	155,426
Other	212,911	92,030	120,881
Capital outlay	3,828,922	3,894,678	(65,756)
Debt Service:			
Principal retirement	321,756	321,557	199
Payment for refunded debt	697,238	-	697,238
Interest and fiscal charges	136,959	63,859	73,100
Total disbursements	<u>10,271,172</u>	<u>8,958,058</u>	<u>1,313,114</u>
Change in net position	1,050,139	(1,174,743)	2,224,882
Net position at beginning of year	<u>2,191,863</u>	<u>3,366,606</u>	<u>(1,174,743)</u>
Net position at end of year	<u>\$ 3,242,002</u>	<u>\$ 2,191,863</u>	<u>\$ 1,050,139</u>

Governmental Activities

If you look at the statement of activities - cash basis, you will see that the first column lists the major disbursement functions of the District. The next column identifies the disbursement amounts associated with each function. The next three columns of the statement entitled program receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific purpose. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the statement.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

**Table 3
Governmental Activities**

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Disbursements:				
Salaries and benefits	\$ 2,944,038	\$ 2,674,003	\$ 2,587,810	\$ 2,398,187
Materials and supplies	710,118	644,984	734,320	680,513
Contracted services	1,419,230	1,290,011	1,263,804	1,171,658
Other	212,911	193,382	92,030	85,286
Capital outlay	3,828,922	3,411,220	3,894,678	1,826,610
Debt Service:				
Principal retirement	321,756	241,756	321,557	241,557
Payment for refunded debt	697,238	697,238		
Interest and fiscal charges	136,959	116,379	63,859	43,743
Totals	<u>\$ 10,271,172</u>	<u>\$ 9,268,973</u>	<u>\$ 8,958,058</u>	<u>\$ 6,447,554</u>

The District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

At the end of 2017, the District had a total ending fund balance of \$3,242,002.

The general fund is the chief operating fund of the District. At the end of 2017, unassigned fund balance in the general fund was \$228,188. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to general fund disbursements. Unassigned fund balance represents 2.27% of the total general fund disbursements.

Disbursements exceeded receipts in the general fund by \$1,721,604, excluding other financing sources and uses in 2017. Local taxes account for 63.35% of receipts in the general fund. Salaries and benefits account for 32.19% of disbursements in the general fund. The general fund balance increased \$1,099,158 from \$2,120,145 to an ending balance of \$3,219,303.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2017, the District amended its general fund budget several times. For the general fund, final budgeted receipts and other financing sources were \$11,701,492, which were the same as original budgeted receipts. Actual receipts for 2017 were \$11,142,321; this represents a \$559,171 decrease from final budgeted receipts. Variances between actual receipts and the final budgeted receipts were due to the timing of grant revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

General fund final budgeted disbursements and other financing uses were \$12,459,152, which were greater than original budgeted disbursements of \$11,937,548. Actual budget-basis disbursements for 2017 totaled \$11,621,547 and were \$837,605 less than the final budget. The overall positive budget variance in the disbursements was due to a variety of factors including actual salaries and benefit disbursements being below actual budget by \$180,224, and overall delayed costs due to capital projects construction delays.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Long Term Obligations

The District had the following long-term obligations outstanding at year-end:

	<u>Balance at 12.31.17</u>	<u>Balance at 12.31.16</u>
PNC Special Revenue Bonds - 2008	\$ -	\$ 672,284
Stander Trust General Obligation Notes - 2003	187,780	225,336
PNC Special Revenue Bonds - 2012	400,000	480,000
PNC Special Revenue Bonds - 2017	3,646,200	-
Notes Payable	-	125,000
Totals	<u>\$ 4,233,980</u>	<u>\$ 1,502,620</u>

Current Financial Related Activities

The District is responsible for acquiring, developing, protecting and maintaining park lands and facilities. The District's mission is to provide a superior park system that maximizes the community's quality of life through conservation, education, and recreation. The District continues to seek grant funding and maximize local tax dollars to achieve its mission.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jonathan R. Granville, Executive Director, 2051 Timberman Road, Hamilton, Ohio 45013.

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

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2017

	Governmental Activities
Assets	
Cash with fiscal agent	\$ 3,242,002
Total assets	\$ 3,242,002
 Net position	
Restricted for:	
Conservation / Recreation	\$ 5
Debt Service	13,519
Capital projects	842,803
Unrestricted.	2,385,675
Total net position	\$ 3,242,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
Conservation/recreation:				
Salaries and benefits.	\$ 2,944,038	\$ 270,035	\$ -	\$ (2,674,003)
Materials and supplies.	710,118	65,134	-	(644,984)
Contracted services.	1,419,230	129,219	-	(1,290,011)
Other.	212,911	19,529	-	(193,382)
Capital outlay.	3,828,922	339,292	78,410	(3,411,220)
Debt Service:				
Principal retirement.	321,756	-	80,000	(241,756)
Payment for refunded debt	697,238	-	-	(697,238)
Interest and fiscal charges.	136,959	-	20,580	(116,379)
Total governmental activities	\$ 10,271,172	\$ 823,209	\$ 178,990	(9,268,973)
General receipts:				
Local taxes				4,703,710
Grants and entitlements not restricted to specific programs.				1,703,967
Donations.				13,542
Interest.				47,302
Miscellaneous				132,591
Proceeds of refunding bonds.				3,718,000
Total general receipts.				10,319,112
Change in net position				1,050,139
Net position at beginning of year				2,191,863
Net position at end of year				\$ 3,242,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash with fiscal agent.	\$ 3,219,303	\$ 22,699	\$ 3,242,002
Fund balances			
Restricted:			
Conservation / recreation	\$ -	\$ 5	\$ 5
Debt service	-	13,519	13,519
Capital projects	842,803	-	842,803
Committed:			
Conservation / recreation	1,246,326	60,570	1,306,896
Assigned:			
Subsequent year appropriation	569,927	-	569,927
Conservation / recreation.	332,059	-	332,059
Unassigned	228,188	(51,395)	176,793
Total fund balances.	\$ 3,219,303	\$ 22,699	\$ 3,242,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Local taxes.	\$ 4,703,710	\$ -	\$ 4,703,710
Charges for services.	823,209		823,209
Intergovernmental.	1,703,967	178,410	1,882,377
Earnings on investments.	47,302	580	47,882
Donations.	13,542	-	13,542
Miscellaneous	132,591	-	132,591
Total receipts.	<u>7,424,321</u>	<u>178,990</u>	<u>7,603,311</u>
Disbursements:			
Current:			
Conservation / recreation:			
Salaries and benefits.	2,944,038	-	2,944,038
Materials and supplies.	710,118	-	710,118
Contracted services.	1,408,808	10,422	1,419,230
Other.	212,911	-	212,911
Capital outlay.	3,699,117	129,805	3,828,922
Debt service:			
Principal retirement.	169,956	151,800	321,756
Interest and fiscal charges	977	135,982	136,959
Total disbursements	<u>9,145,925</u>	<u>428,009</u>	<u>9,573,934</u>
Excess of disbursements over receipts.	<u>(1,721,604)</u>	<u>(249,019)</u>	<u>(1,970,623)</u>
Other financing sources (uses):			
Transfers in	-	200,000	200,000
Transfers (out).	(200,000)	-	(200,000)
Sale of refunding bonds	3,718,000	-	3,718,000
Payment to refund debt.	(697,238)	-	(697,238)
Total other financing sources (uses).	<u>2,820,762</u>	<u>200,000</u>	<u>3,020,762</u>
Net change in fund balances	1,099,158	(49,019)	1,050,139
Fund balances at beginning			
of year.	2,120,145	71,718	2,191,863
Fund balances at end of year	<u>\$ 3,219,303</u>	<u>\$ 22,699</u>	<u>\$ 3,242,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Local taxes.	\$ 5,100,000	\$ 5,100,000	\$ 4,703,710	\$ (396,290)
Charges for services.	748,850	748,850	823,209	74,359
Intergovernmental.	1,998,489	1,998,489	1,703,967	(294,522)
Earnings on investments.	6,000	6,000	47,302	41,302
Donations.	15,000	15,000	13,542	(1,458)
Miscellaneous.	115,153	115,153	132,591	17,438
Total receipts.	<u>7,983,492</u>	<u>7,983,492</u>	<u>7,424,321</u>	<u>(559,171)</u>
Disbursements:				
Current:				
Conservation / recreation:				
Salaries and benefits.	3,129,762	3,124,262	2,944,038	180,224
Materials and supplies.	1,025,074	1,012,814	836,534	176,280
Contracted services.	1,793,986	1,997,262	1,702,800	294,462
Other.	391,200	534,881	83,106	451,775
Capital outlay.	4,523,605	4,725,964	4,986,898	(260,934)
Debt service:				
Principal retirement.	160,981	154,469	169,956	(15,487)
Interest and fiscal charges.	215,702	12,262	977	11,285
Total disbursements.	<u>11,240,310</u>	<u>11,561,914</u>	<u>10,724,309</u>	<u>837,605</u>
Excess of disbursements over receipts.	<u>(3,256,818)</u>	<u>(3,578,422)</u>	<u>(3,299,988)</u>	<u>278,434</u>
Other financing sources (uses):				
Transfers out.	-	(200,000)	(200,000)	-
Sale of refunding bonds.	3,718,000	3,718,000	3,718,000	-
Payment to refund debt.	(697,238)	(697,238)	(697,238)	-
Total other financing sources (uses).	<u>3,020,762</u>	<u>2,820,762</u>	<u>2,820,762</u>	<u>-</u>
Net change in fund balance.	(236,056)	(757,660)	(479,226)	278,434
Fund balance at beginning of year.	1,361,148	1,361,148	1,361,148	-
Prior year encumbrances appropriated.	758,997	758,997	758,997	-
Fund balance at end of year.	<u>\$ 1,884,089</u>	<u>\$ 1,362,485</u>	<u>\$ 1,640,919</u>	<u>\$ 278,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting and Presentation

The financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The District's basic financial statements consist of government-wide financial statements, including a statement of net position - cash basis and a statement of activities - cash basis, and cash fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements show those activities of the District that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net position - cash basis presents the cash balance of the governmental activities of the District at year-end. The statement of activities - cash basis compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain, limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

C. Cash with Fiscal Agent

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

D. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary or fiduciary funds. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following is the District's major governmental fund:

General Fund - The general fund accounts for and reports all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the District are used to account for and report grants and other resources, the use of which is restricted for a particular purpose.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

I. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies restricted by grantors and reported in special revenue funds.

The Board's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

J. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postemployment health care benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

K. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

Exchange transactions between funds are reported as receipts in the seller funds and disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

NOTE 2 - BUDGETARY ACTIVITY

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements on the budgetary basis but are not on a cash basis. At December 31, 2017, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,578,384 for the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - DEBT

At December 31, 2017, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2017</u>
PNC Special Revenue Bonds, Series 2017 to refinance Series 2008 Special Revenue bonds and for capital projects, interest rate between 3.8% and 4.1%. Payments are made from the bond fund, a nonmajor governmental fund, and matures in 2022.	\$ 3,646,200
Stander Trust General Obligation Notes, Series 2003 to finance the purchase of land to be used for future development due in annual installments of \$37,556 through 2022, bearing no interest. Payments are made from the general fund.	187,780
PNC Special Revenue Bonds, Series 2012 to finance the multi-purpose athletic fields project at Voice of America Park due in annual principal installments of \$80,000 through 2022, bearing interest at 4.45%. Payments are made from the capital projects fund, a nonmajor governmental fund.	400,000
Total	<u><u>\$ 4,233,980</u></u>

Transactions for the year ended December 31, 2017 is summarized as follows:

	<u>Balance at 12/31/2016</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2017</u>
PNC Special Revenue Bonds - 2008	\$ 672,284	\$ -	\$ (672,284)	\$ -
Stander Trust General Obligation Notes - 2003	225,336	-	(37,556)	187,780
PNC Special Revenue Bonds - 2012	480,000	-	(80,000)	400,000
PNC Special Revenue Bonds - 2017	-	3,718,000	(71,800)	3,646,200
Note Payable	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>
Total	<u><u>\$ 1,502,620</u></u>	<u><u>\$ 3,718,000</u></u>	<u><u>\$ (986,640)</u></u>	<u><u>\$ 4,233,980</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - DEBT - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2017, are as follows:

Year Ending December 31,	2017		2003		2012	
	PNC Special Revenue Bonds		Stander Trust General Obligation Notes		PNC Special Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 471,800	\$ 140,321	\$ 37,556	\$ -	\$ 80,000	\$ 17,800
2019	471,800	121,877	37,556	-	80,000	14,240
2020	471,800	103,433	37,556	-	80,000	10,680
2021	471,800	84,989	37,556	-	80,000	7,120
2022	<u>1,759,000</u>	<u>66,545</u>	<u>37,556</u>	<u>-</u>	<u>80,000</u>	<u>3,560</u>
Totals	<u>\$ 3,646,200</u>	<u>\$ 517,165</u>	<u>\$ 187,780</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 53,400</u>

Year Ending December 31,	Total	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 589,356	\$ 158,121
2019	589,356	136,117
2020	589,356	114,113
2021	589,356	92,109
2022	<u>1,876,556</u>	<u>70,105</u>
Totals	<u>\$ 4,233,980</u>	<u>\$ 570,565</u>

NOTE 4 - PROPERTY TAX

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - PENSION PLAN

Plan Description - District employees participate in the 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - PENSION PLAN - (Continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - PENSION PLAN - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Law Enforcement
2017 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
 2017 Actual Contribution Rates		
Employer:		
Pension	13.0 %	17.1 %
Post-employment Health Care Benefits	1.0 %	1.0 %
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

** This rate is also determined by OPERS' board, but is limited by ORC to not more than 2% greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$306,419 for 2017.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - POSTEMPLOYMENT BENEFIT PLAN

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment 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 post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide Other Post-Employment Benefits (OPEB) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

The District's contribution to fund post-employment healthcare was \$23,825 for 2017 and \$41,496 for 2016. Information for 2015 was not available.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 - RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016 (the latest information available).

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	2016
Assets	<u>\$ 14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Members'	
Equity	<u><u>\$5,234,206</u></u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 - CONTINGENT LIABILITES

LITIGATION

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

GRANT FUNDING

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

CONTRACTUAL OBLIGATIONS

The District has entered into contractual agreements with third parties that provide for future receipts to be provided to the District in exchange for certain sponsorships and naming rights of District-owned facilities and District-managed events. Based on the accounting basis these financial statements have been prepared on, more fully described in Note 1, no amounts have been recorded in the financial statements related to these future receipts or the District's future obligations under the contractual agreements.

NOTE 9 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,578,384
Other governmental	<u>3,959</u>
Total	<u>\$ 1,582,343</u>

NOTE 10 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	\$ 200,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



Julian & Grube, Inc.

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

MetroParks of Butler County
Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the MetroParks of Butler County, Butler County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the MetroParks of Butler County's basic financial statements and have issued our report thereon dated March 21, 2018, wherein we noted the MetroParks of Butler County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Board of Park Commissioners
MetroParks of Butler County

Compliance and Other Matters

As part of reasonably assuring whether the MetroParks of Butler County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

MetroParks of Butler County's Response to Finding

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

Purpose of this Report

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



Julian & Grube, Inc.
March 21, 2018

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-001

Material Weakness - Financial Statement Presentation

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

The following audit adjustments were made to correct misstatements identified in the audit of the MetroParks of Butler County's financial statements.

- It was necessary to record an audit adjustment to increase Intergovernmental receipts by \$471,508 and decrease Local Taxes receipts by the same amount within the General fund on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds. It was also necessary to increase Grants and entitlements not restricted to specific programs receipts by \$471,508 and decrease Local taxes receipts by the same amount on the Statement of Activities – Cash Basis.
- It was necessary to record an audit adjustment to increase Other disbursements and Intergovernmental receipts by \$60,018 within the General fund on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds. It was also necessary to increase Other cash disbursements by \$60,018 and increase Local taxes receipts by the same amount on the Statement of Activities – Cash Basis.
- It was necessary to record an audit adjustment to increase Charges for services receipts by \$311,658 and decrease Miscellaneous receipts by the same amount within the General fund on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds. It was also necessary to increase Charges for Services and Sales by \$311,658 and decrease Miscellaneous general receipts by the same amount on the Statement of Activities – Cash Basis.
- It was necessary to record an audit adjustment to increase Principal retirement disbursements by \$7,400 and decrease Interest and fiscal charges by the same amount within the Bond fund, a nonmajor governmental fund, on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds. It was also necessary to increase Principal retirement cash disbursements by \$7,400 and decrease Interest and fiscal charges cash disbursements by the same amount on the Statement of Activities – Cash Basis.
- It was necessary to record an audit adjustment to increase Capital outlay disbursements by \$535,695 and decrease Other disbursements by the same amount within the General fund on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds. It was also necessary to increase Capital outlay cash disbursements by \$535,695 and decrease Other cash disbursements by the same amount on the Statement of Activities – Cash Basis.

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-001 - (Continued)

The District’s financial statements and records have been adjusted to reflect these adjustments.

The presentation of materially correct financial statements and related footnotes is the responsibility of management.

We recommend that the District implement additional control procedures that enable management to timely record information/transactions in their accounting system as well as prevent or detect and correct potential misstatements in the financial statements prior to filing. We also recommend the District make full use of their accounting software by segregating different revenue and expenditure types within their system.

Client Response: MetroParks is not aware of any untimely recording of transactions and is already utilizing the system in segregated detail for revenues and expenditures in the sub-ledger.

While it is understood that the Management is ultimately responsible for the Financial Statements, please be aware that contracted, third party compilation services were used to create the Financial Statements, and sub-ledger account details were provided. The provided detail would have easily supported correctly reporting the cited adjustments had MetroParks been aware or advised of the need. In the future, MetroParks will consider compiling these statements in-house as an additional control.

Further details on action plan on cited items are as follows:

- In 2017, Financial Management at MetroParks had interpreted that the Owner-Occupancy Credits and Non-Business Credits should be part of the Local Taxes and thus were changed to be recorded therein. In 2018, this will be changed back to be reported alongside Homestead Rollbacks on the Intergovernmental line of the receipts as opposed to Local Taxes.
- The current software system in use by the MetroParks’ Fiscal Officer (the County Auditor) does not allow for applying deposits to an expense account to book gross revenue to be netted with administrative expenses at the time of Property Tax receipt. Management has spoken with the County Auditor’s staff and they will include MetroParks on their top-side property tax entry to book the additional revenue and the offsetting expenses so that the end result is the gross revenue and expenses.
- In 2016, the sub-ledger mapping on two new sub-ledger accounts were incorrectly setup to point to Miscellaneous receipts instead of Charges for Services. Further, when Julian & Grube compiled the statements for MetroParks, this was not caught or advised at that time by either party despite the fact that the detail of the purpose of the accounts were provided. This mapping error has been corrected in March 2018 and correcting entries will be made for First Quarter 2018 to avoid this tracking error occurring again in the future.
- Principal and Interest are broken out in the accounting system, however payments made in September 2017 were not correctly split between the two sub-ledger accounts. Staff has been made aware of this issue and management will confirm the amounts booked in the future.

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-001 - (Continued)

- MetroParks has used segregation of revenue and expenditures in the system since 2014 at the sub-ledger level or this adjustment would not have been easily obtainable to calculate. In 2017, MetroParks began diminishing use of the non-descriptive “other expenses” and further segregating this sub-ledger account into more descriptive accounts such as vehicles, capital projects, capital outlay, refunds, etc. Also beginning in 2017, only true miscellaneous expenses that do not fall in any other category and do not qualify as capital began to be booked in the “other expense” sub-ledger account. This segregation allows for these items to easily be captured in the Capital Outlay line of disbursements instead of the Other line of disbursements. This categorization was available in 2017 and provided to our compilation service contractor, Julian & Grube, but these additional accounts were not reported on the correct line in the Annual report, nor was MetroParks advised.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2016-001	2016	<u>Significant Deficiency - Financial Statement Presentation</u> - A monitoring system by the Fiscal Officer and the Board of Park Commissioners should be in place to prevent or detect material misstatements for the accurate presentation to the District's financial statements. The District had an audit adjustment for the year ended December 31, 2016.	Not Corrected	Finding repeated as 2017-001 as the District did not review the posting of transactions to ensure proper account classification.