

**LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY, OHIO**

*Basic Financial Statements*  
(Audited)

For the Year Ended  
December 31, 2017





# Dave Yost • Auditor of State

Board of Park Commissioners  
Lorain County Metropolitan Park District  
12882 Diagonal Road  
LaGrange, Ohio 44050

We have reviewed the *Independent Auditor's Report* of the Lorain County Metropolitan Park District, Lorain County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 Lorain County Metropolitan Park District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

August 10, 2018

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**LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY, OHIO**

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## **Julian & Grube, Inc.** *Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report**

Lorain County Metropolitan Park District  
Lorain County  
12882 Diagonal Road  
LaGrange, Ohio 44050

To the Board of Park Commissioners:

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

We have audited the accompanying cash-basis financial statements of the governmental activities and its major fund of the Lorain County Metropolitan Park District, Lorain County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Lorain County Metropolitan Park District'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 2 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 Lorain County Metropolitan Park District'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 Lorain County Metropolitan Park District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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 and its major fund of the Lorain County Metropolitan Park District, Lorain 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 2.

***Accounting Basis***

We draw attention to Note 2 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***

***Supplemental Information***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Information***

We applied no procedures to Management's Discussion and 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 June 22, 2018 on our consideration of the Lorain County Metropolitan Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Lorain County Metropolitan Park District's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
June 22, 2018



LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017

Unaudited

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This discussion and analysis of Lorain County Metropolitan Park District, Lorain County, Ohio (the Park District) financial performance provides an overall review of the Park District's financial activities for the year ended December 31, 2017, within the limitations of the Park District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Park District's financial performance.

### **Highlights**

Key highlights for 2017 are as follows:

Net position of governmental activities decreased (\$2,086,325) or 24%, a change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Park District's general receipts are primarily property and other local taxes. These receipts represent respectively 57 percent of the total cash received for activities during the year.

### **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 Park District's cash basis of accounting.

#### **Report Components**

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

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

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Park 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 generally accepted accounting principles. Under the Park District's basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Park District as a Whole**

The statement of net position and the statement of activities reflect how the Park District did financially during 2017, within the limitations of cash basis accounting. The statement of net position presents the cash and cash equivalents of the governmental activities of the Park District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and

LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017

Unaudited

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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 cash disbursements with program receipts identifies how each governmental function draws from the Park District's general receipts.

These statements report the Park District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Park District's financial health. Over time, increases or decreases in the Park District's cash position is one indicator of whether the Park District's financial health is improving or deteriorating. When evaluating the Park District's financial condition, you should also consider other nonfinancial factors as well, such as the Park District's property tax base, the condition of the Park District's capital assets and infrastructure, the extent of the Park District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and other taxes.

In the statement of net position and the statement of activities, we express the Park District's activities as the following:

Governmental activities: As of this time all of the Park District's basic services are reported here. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Park District's Most Significant Funds**

Fund financial statements provide detailed information about the Park District's major funds – not the Park District as a whole. The Park 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. The funds of the Park District are governmental funds.

Governmental Funds – Currently all of the Park District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Park District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Park District's programs. The Park District's major governmental fund is the General Fund.

LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017

Unaudited

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**The Park District as a Whole**

Table 1 provides a summary of the Park District's net position for 2016 and 2017. A comparative analysis will be presented.

**(TABLE 1)**  
***Net Position***

	2016	2017
<b>Assets</b>		
Cash and Cash Equivalents	\$8,576,676	\$6,490,351
<i>Total Assets</i>	\$8,576,676	\$6,490,351
 <b>Net Position</b>		
Unrestricted	8,576,676	6,490,351
<i>Total Net Position</i>	\$8,576,676	\$6,490,351

As mentioned previously, net position of governmental activities decreased (\$2,086,325) or 24 percent during 2017. The decrease in cash balance is due mainly to decreases in the General fund.

LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
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Unaudited

Table 2 reflects the changes in net position in 2016 and 2017. A comparative analysis will be presented.

(Table 2)  
*Changes in Net Position*

	2016	2017
<b>Receipts</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	2,544,196	2,476,094
Capital Grants and Contributions	999,846	1,961,386
Total Program Receipts	3,544,042	4,437,480
<b>General Receipts:</b>		
Property and Other Local Taxes	9,048,889	9,189,088
Grants and Entitlement NOT Restricted to Specific Programs	1,051,427	1,057,868
Interest	54,215	34,697
Unrestricted Gifts and Contributions	170,956	888,623
Other	162,905	528,600
Total General Receipts:	10,488,392	11,698,876
<i>Total receipts</i>	14,032,434	16,136,356
 <b>Disbursements</b>		
Current:		
Salaries - Employees	4,204,736	4,344,043
Fringe Benefits	1,551,856	1,634,488
Materials and Supplies	633,389	633,465
Equipment	348,361	349,000
Purchase Services	1,564,384	1,588,905
Capital Outlay	3,591,545	8,498,988
Other	901,673	1,173,791
<i>Total Disbursements</i>	12,795,944	18,222,680
 <i>Increase (Decrease) in Net Position</i>	1,236,490	(2,086,324)
 <i>Net Position - January 1</i>	7,340,186	8,576,676
 <i>Net Position - December 31</i>	8,576,676	6,490,352

Program receipts represent only 27 percent of total receipts and are primarily comprised of recreation, aquatic facility and golf course fees.

LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017

Unaudited

General receipts represent 73 percent of the Park District's total receipts, and of this amount, 79 percent are property taxes. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Park District and the support services provided for the other Park District activities. These include the costs of payroll and purchasing.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Park District. The next column identifies the costs of providing these services. The major disbursements for governmental activities were for capital improvements in this year, which account for 47 percent of all governmental disbursements. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Park District that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net position column compare 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 local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Total Cost Of Services <u>2016</u>	Net Cost Of Services <u>2016</u>	Total Cost Of Services <u>2017</u>	Net Cost Of Services <u>2017</u>
<b>Governmental Activities</b>				
Salaries - Employees	4,204,736	(1,660,540)	4,344,043	(1,867,948)
Fringe Benefits	1,551,856	(1,551,856)	1,634,488	(1,634,488)
Materials and Supplies	633,389	(633,389)	633,465	(633,465)
Equipment	348,361	(348,361)	349,000	(349,000)
Purchased Services	1,564,384	(1,564,384)	1,588,906	(1,588,906)
Capital Outlay	3,591,545	(2,591,699)	8,498,988	(6,537,602)
Other	901,673	(901,673)	1,173,791	(1,173,791)
Total Expenses	12,795,944	(9,251,902)	18,222,650	(13,785,200)

The dependence upon property tax and other general receipts is apparent as over 75 percent of governmental activities are supported through these general receipts.

LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017

Unaudited

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**The Park District's Funds**

Total governmental funds had receipts of \$16,136,354.96 and disbursements of \$18,222,680.04. General Fund receipts were less than disbursements by (\$2,086,325.08). The fund had a positive fund balance of \$6,490,350.86 as of December 31, 2017.

**General Fund Budgeting Highlights**

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

**Capital Assets and Debt Administration**

**Capital Assets**

The Park District maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

**Current Issues**

The challenge for all Park Districts is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Board of Trustees and Fiscal Officer reviewed our sources of revenue and determined that increases were likely. We then reviewed the disbursement history of the Park District.

**Contacting the Park District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Park District's finances and to reflect the Park District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Bonnie Burns, Treasurer, Lorain County Metropolitan Park District, 12882 Diagonal Road, Lagrange, Ohio 44050.

**Lorain County Metropolitan Park District**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Cash and Cash Equivalents	<u>\$ 6,490,351</u>
<i>Total Assets</i>	<u><u>\$ 6,490,351</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$ 6,490,351</u>
<i>Total Net Position</i>	<u><u>\$ 6,490,351</u></u>

See accompanying notes to the basic financial statements

**LORAIN COUNTY METROPOLITAN PARK DISTRICT**

*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
<b>Governmental Activities</b>				
Parks and Recreation:				
Salaries - Employees	4,344,043	2,476,094		(1,867,948)
Fringe Benefits	1,634,488			(1,634,488)
Materials and Supplies	633,465			(633,465)
Equipment	349,000			(349,000)
Purchased Services	1,588,906			(1,588,906)
Capital Outlay	8,498,988		1,961,386	(6,537,602)
Other	1,173,791			(1,173,791)
<i>Total Governmental Activities</i>	18,222,680	2,476,094	1,961,386	(13,785,200)
 Total	\$18,222,680	\$2,476,094	\$1,961,386	(13,785,200)
 <b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				9,189,088
Grants and Entitlements not Restricted to Specific Programs				1,057,868
Interest				34,697
Unrestricted Gifts and Contributions				888,623
Other				528,600
<i>Total General Receipts</i>				11,698,875
Change in Net Position				(2,086,325)
<i>Net Position Beginning of Year</i>				8,576,676
<i>Net Position End of Year</i>				\$ 6,490,351

See accompanying notes to the basic financial statements



**Lorain County Metropolitan Park District**  
*Statement of Cash Basis Position and Fund Balances*  
*Governmental Fund*  
*December 31, 2017*

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	<u>General</u>
<b>Assets</b>	
Equity in Cash and Cash Equivalents	<u>\$6,490,351</u>
<i>Total Assets</i>	<u><u>\$6,490,351</u></u>
<b>Fund Balances</b>	
Committed	\$1,140,556
Unassigned	<u>\$5,349,795</u>
<i>Total Fund Balances</i>	<u><u>\$6,490,351</u></u>

See accompanying notes to the basic financial statements

**Lorain County Metropolitan Park District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Cash Basis*  
*Governmental Fund*  
*For the Year Ended December 31, 2017*

	General
<b>Receipts</b>	
Property and Other Local Taxes	9,189,088
Intergovernmental	3,019,253
Charges for Services	2,254,675
Licenses, Permits and Fees	221,419
Earnings on Investments	34,697
Donations	888,623
Other	528,600
<i>Total receipts</i>	<i>16,136,355</i>
<b>Disbursements</b>	
Parks and Recreation:	
Salaries	4,344,043
Fringe Benefits	1,634,488
Materials and Supplies	633,465
Equipment	349,000
Purchased Services	1,588,906
Capital Outlay	8,498,988
Other	1,173,790
<i>Total Disbursements</i>	<i>18,222,680</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(2,086,325)</i>
 <i>Net Change in Fund Balance</i>	 <i>(2,086,325)</i>
 <i>Fund Balance Beginning of Year</i>	 <i>8,576,676</i>
 <i>Fund Balance End of Year</i>	 <i>\$6,490,351</i>

See accompanying notes to the basic financial statements

**Lorain County Metropolitan Park District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$10,160,581	\$10,160,581	\$9,189,088	(\$971,493)
Intergovernmental	2,585,125	2,585,125	3,019,253	434,128
Charges for Services	2,140,000	2,140,000	2,254,675	114,675
Licenses, Permits and Fees	121,000	121,000	221,419	100,419
Earnings on Investments	7,000	7,000	34,697	27,697
Other	669,000	669,000	1,417,223	748,223
<i>Total receipts</i>	15,682,706	15,682,706	16,136,355	453,649
<b>Disbursements</b>				
Parks and Recreation:				
Salaries	4,726,560	4,726,560	4,344,043	382,517
Fringe Benefits	1,754,485	1,754,485	1,634,488	119,997
Materials and Supplies	1,037,502	1,037,502	633,465	404,037
Equipment	350,000	350,000	349,000	1,000
Purchased Services	1,782,331	1,782,331	1,588,905	193,426
Capital Outlay	12,692,003	12,692,003	8,498,988	4,193,015
Other	1,916,501	1,916,501	1,173,791	742,710
<i>Total Disbursements</i>	24,259,382	24,259,382	18,222,680	6,036,702
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,576,676)	(8,576,676)	(2,086,325)	6,490,351
<i>Net Change in Fund Balance</i>	(8,576,676)	(8,576,676)	(2,086,325)	6,490,351
<i>Fund Balance Beginning of Year</i>	8,576,676	8,576,676	8,576,676	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$6,490,351	\$6,490,351

See accompanying notes to the basic financial statements

## Lorain County Metropolitan Park District

### Lorain County

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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#### **Note 1 - Reporting Entity**

Lorain County Metropolitan Park District (the Park District), was created by action of the Probate Court of Lorain county in 1957 under authority of Chapter 1545 of the Ohio Revised Code. The Park District is a separate subdivision of the State of Ohio and as such is not subservient to any local form of government such as a county or municipality. The Park District's operations include various leisure time activities, a golf course, an aquatic center and naturalist departments.

The Park District is governed by a three-member Board of Commissioners. The Commissioners are appointed by the Judge of the Probate Court. One Commissioner is appointed each year and serves for a period of three years. Commissioners serve without compensation.

The Board meets regularly once a month and such other times when the press of business dictates. The Board establishes policy and grant approval on all land acquisition, park development, and park use and operations. Expenditure of funds can only be made upon the approval of the Board.

The Director-Secretary is the chief executive officer of the Lorain County Metropolitan Park District. The Director-Secretary is appointed by the Board of Park Commissioners and is responsible for executing the policy of the Park District's Board. The Director-Secretary is authorized to establish administrative procedures as he deems necessary to execute the policy of the Board.

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

Component units are legally separate organizations for which the Park District is financially accountable. Component units may also include organizations that are fiscally dependent on the Park District in that the Park District approves their budget, the issuance of the debt or the levying of their taxes. The Park District has no component units.

The following entity, which performs activities within the Park District's boundaries for the benefit of its residents, is excluded from the accompanying financial statements because the Park District is not financially accountable for this entity nor is the entity fiscally dependent on the Park District.

**The Friends of the Metro Parks in Lorain County, Inc., (the Corporation)** is a federal tax-exempt, not for profit organization under Section 501 (a) of the Internal Revenue Code (the Code) and an organization described in Section 501 (c)(3) of the Code. The Corporation was organized for charitable, educational and scientific purposes, including making distributions to organizations that qualify as exempt organizations under Section 501 (c) (3) of the Code. In addition, they were organized to maintain an association of persons interested in the Lorain County Metropolitan Park District (the Park District); to focus public attention on the Park District's uses and benefits; to cooperate and assist the Board of Park Commissioners and staff in developing, improving, and expanding and preserving the Park District; to promote and conduct activities to enhance park lands under the jurisdiction of the Park District; to receive and encourage gifts, endowments, and bequests to support the Park District.

The Corporation is governed by a board of trustees consisting of eleven members elected from the general membership. In addition, the Director-Secretary of the Lorain County Metropolitan Park District appoints a staff member to participate as a non-voting member of the board of trustees.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity (Continued)**

The Park District received \$10,800 during the fiscal period January 1, 2017 through December 31, 2017 from the Corporation. Financial Statements can be obtained from Ms. Ruth Horvath, Treasurer, 12882 Diagonal Rd, LaGrange, OH 44050.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2 C., these 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Park District's accounting policies.

***A. Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Park District as a whole. These statements include the financial activities of the Park District.

The statement of net position presents the cash balance of the governmental activities of the Park District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Park 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 Park 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 or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Park 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 Park District.

***Fund Financial Statements*** During the year, the Park District segregates transactions related to certain Park District functions or activities within the General Fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Park District at this more detailed level. The focus of governmental fund financial statements is on major funds. The General Fund is the Park District's only major fund.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***B. Fund Accounting***

The Park 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. The Park District's General Fund is its only governmental fund.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Park District are financed. The following are the Park District's only fund, which is also considered a major fund.

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

***C. Basis of Accounting***

The Park District's financial statements are prepared using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Receipts are recorded in the Park District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***D. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Park District may appropriate. The appropriations resolution is the Park District's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Park District. The legal level of control has been established by the Park District at the fund function object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Park District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Park Commissioners. The County Budget Commission must also approve estimated resources.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Park Commissioners and approved by the County Budget Commission.

***E. Cash and Investments***

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

***F. Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***G. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Park District's cash basis of accounting.

***H. Employer Contributions to Cost-Sharing Pension Plans***

The Park District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***I. Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Park District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The Park District has no net position that is restricted.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***J. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Park District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Park Commissioners. Those committed amounts cannot be used for any other purpose unless the Board of Park Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Park Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Park District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Park District or a Park District official delegated that authority by resolution, or by State Statute.

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

The Park 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.



## Lorain County Metropolitan Park District

### Lorain County

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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#### **Note 3 - Change in Accounting Principle**

For 2017, the Park District has implemented GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*”, GASB Statement No. 81 “*Irrevocable Split-Interest Agreements*”, and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Park District.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Park District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Park District.

#### **Note 4 - Deposits and Investments**

Monies held by the Park District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Park District treasury. Active monies must be maintained either as cash in the Park District treasury, in Commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by Certificates of Deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of Depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Park District can be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 4 - Deposits and Investments (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any Federal Government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall by direct issuances of federal Government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to Passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that Investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Park District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Park District by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Park District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

***Deposits with Financial Institutions***

At December 31, 2017 the carrying amount of all Park District deposits was \$5,923,314. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2017, \$5,618,902 of the Park District's bank balance of \$6,120,917 was not exposed to custodial risk because the collateralized statements are held by a third part administrator, while \$502,015 was covered by the FDIC.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 4 - Deposits and Investments (Continued)**

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the Park District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Park District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the Park District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

***Investments***

As of December 31, 2017, the Park District had the following investments.

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 year</u>	<u>Moody's Rating</u>
Various mutual funds - equity and bond	<u>\$ 567,037</u>	<u>\$ 745,794</u>	N/A-1	BBB or better

N/A-1 stock/bond investments had no maturity period to report.

***Interest Rate Risk***

As a means of limiting its exposure to fair value losses caused by rising interest rates, the Park District investment policy requires that, to the extent possible, investments will match anticipate cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the Park District, the Park District will not directly invest in securities maturing more than five years from the date of investment.

***Credit Risk***

The money market mutual funds primarily carry a rating of BBB or better by Moody's. The Park District has no policy regarding credit risk.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Park District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Park District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Auditor or qualified trustee.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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***Concentration of Credit Risk***

The Park District places no limit on the amount that may be invested in any one issuer.

**Note 5 - Budgetary Basis of Accounting**

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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget 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 cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The Park District had no encumbrances outstanding at year end December 31, 2017 for the General Fund.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Park District. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2016 real property taxes are levied after October 1 of each year, on the assessed value as of January 1 of each year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, and are levied after October 1, 2017 and are collected in 2017, respectively, with real property taxes.

The full tax rate for all Park District operations for the year ended December 31, 2017, was \$1.60 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$9,672,600
Public Utility Personal Property	<u>487,980</u>
Total	<u><u>\$10,160,580</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the County. The County Auditor periodically remits to the Park District its portion of the taxes collected.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management**

The Park District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Park District contracted with a company for various types of insurance as follows:

Type of Coverage	Coverage
General Liability	\$ 1,000,000 per occurrence
General Liability	\$ 3,000,000 Aggregate
Public Officials Errors & Omissions	\$ 1,000,000 per occurrence and aggregate
Police Professional Liability	\$ 1,000,000 per occurrence and aggregate
Automobile Liability & Physical Damage	\$ 1, 000,000 per occurrence and aggregate
Property (Building & Contents)	\$ 29,911,612 Limit
Inland Marine Coverage (Scheduled Equipment)	\$ 3,477,654 Limit
Inland Marine Coverage (Miscellaneous Equipment)	\$ 255,480 Limit
Umbrella Coverage (applies to General, Automobile, Employee Benefits, Public Officials, Police Professional, and Stop Gap liabilities; excludes Uninsured/Underinsured Motorist Liability)	\$ 9,000,000 Limit

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Park District provides employee medical and dental insurance, both of which are provided by Medical Mutual of Ohio. The risk of loss transfers entirely to the insurance carriers. The Park District pays 85 percent of the premiums for health and dental insurance.

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

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 8 - Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Park 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. Park 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):

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

**Note 8 - Defined Benefit Pension Plans (Continued)**

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

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 percent 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 3 percent.

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Park District's contractually required contributions for pension obligations to the Traditional Pension and Combined Plans for the year ended December 31, 2017 were \$535,100.77 and \$102,525.74, respectively.

**Note 9 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.



**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 9 - Postemployment Benefits (Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits 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 health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

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 health care plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rates increases allowed additional funds to be allocated to the health care plan.

**Note 10 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the General Fund are presented below:

Fund Balances	December 31, 2017 General Fund
<b>Committed to</b>	
Black River Bikeway 3A	173,489.44
Black River Bikeway 3B	9,812.26
Black River Bikeway 4C	770,253.59
Amherst Trail 1B	79,132.82
Huron Rt. 20 Bikeway	107,867.68
<b>Total Committed</b>	<b>1,140,555.79</b>
Unassigned	5,349,795.00
<b>Total Fund Balances</b>	<b>6,490,351.00</b>

**Lorain County Metropolitan Park District**

**Lorain County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 11 - Construction and Contractual Commitments**

The Park District was involved in several contractual agreements at the end of 2017 for professional services with architects and construction firms for the Black River Bikeway Phase 3A, 3B and 4C. Amherst Trail 1B and Huron Rt.20 Bikeway.

**Note 12 - Contingent Liabilities**

***A. Litigation***

The Park District is not involved in any material litigation.

***B. Federal and State Grants***

The Park District received several Local grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Park District believes such disallowances, if any, would be immaterial.

**Note 13 - Jointly Governed Organizations**

North Coast Regional Council of Park Districts was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The North Coast Regional Council of Park Districts (The Council) was formed in part to designate sites within the jurisdiction of the members of the Council to be acquired, improved, restored, enhanced, administered and/or preserved with funds received under the In Lieu Fee Agreement (ILFA). The ILFA allows the development of certain wetlands provided the developers contribute certain sums of money which are then used as described above. The Council is a jointly governed organization which currently includes five members. Each member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners. The Park District made no contributions to the Council during 2017. Financial statements can be obtained from Bonnie Burns, Treasurer at 12882 Diagonal Rd, LaGrange, OH 44050.

The Lorain County Metro Park Endowment Fund of the Community Foundation of Greater Lorain County was created to benefit and assist the endeavors of the Lorain County Metropolitan Park District (The Park District), including but not limited to the general public and statutory purposes of the preservation and conservation of the environment and all natural resources within the jurisdiction of the Metropolitan Park District. This fund was created November 18<sup>th</sup>, 1993 by agreement of both parties. The Community Foundation of Greater Lorain County (the Foundation) is made up of over 200 separate funds each one created for its specific purpose. The Foundation was organized under Section 501 (c) (3) of the Internal Revenue Code. The Park District received \$10,000 during the fiscal period January 1, 2017 through December 31, 2017. The Fund balance as of December 31, 2017 was \$2,137,898.06. Audited financial statements can be obtained from Holly Spitz, Chief Financial/Administrative Officer of the CFGLC at 9080 Leavitt Rd, Elyria, OH 44035

## **SUPPLEMENTARY INFORMATION**

**LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE</b>	<b>CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>(A) CASH FEDERAL DISBURSEMENTS</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation:</i>			
<b>Highway Planning and Construction Cluster:</b>			
Highway Planning and Construction	20.205	95485	\$ 204,383
Highway Planning and Construction	20.205	95692	1,324,238
Highway Planning and Construction	20.205	102072	432,765
Highway Planning and Construction			<u>1,961,386</u>
<b>Total U.S. Department of Transportation and Highway Planning and Construction Cluster</b>			<u>1,961,386</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,961,386</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

- (A) This schedule includes the federal award activity of the Lorain County Metropolitan Park District under programs of the federal government for the fiscal year ended December 31, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Lorain County Metropolitan Park District, it is not intended to and does not present the financial position or changes in net position of the Lorain County Metropolitan Park District.
- (B) Certain federal programs require the Lorain County Metropolitan Park District contribute non-federal funds (matching funds) to support the federally funded programs. The Lorain County Metropolitan Park District has complied with the matching requirements. The expenditure of non-federal matching funds are not included on this schedule.
- (C) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimus rate of 10% of modified total direct costs to indirect costs. The Lorain County Metropolitan Park District has not elected to use the 10% de minimus indirect cost rate.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Lorain County Metropolitan Park District  
Lorain County  
12882 Diagonal Road  
LaGrange, Ohio 44050

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 and its major fund of the Lorain County Metropolitan Park District, Lorain County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lorain County Metropolitan Park District's basic financial statements and have issued our report thereon dated June 22, 2018, wherein we noted the Lorain County Metropolitan Park District 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 Lorain County Metropolitan Park District'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 Lorain County Metropolitan Park District'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 Lorain County Metropolitan Park District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.


Board of Park Commissioners  
Lorain County Metropolitan Park District

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
June 22, 2018



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable to the  
Major Federal Program and on Internal Control Over Compliance  
Required by the *Uniform Guidance***

Lorain County Metropolitan Park District  
Lorain County  
12882 Diagonal Road  
LaGrange, Ohio 44050

To the Board of Park Commissioners:

***Report on Compliance for the Major Federal Program***

We have audited the Lorain County Metropolitan Park District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the Lorain County Metropolitan Park District's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Lorain County Metropolitan Park District's major federal program.

***Management's Responsibility***

The Lorain County Metropolitan Park District's Management is responsible for complying with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Lorain County Metropolitan Park District's compliance for the Lorain County Metropolitan Park District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lorain County Metropolitan Park District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Lorain County Metropolitan Park District's major program. However, our audit does not provide a legal determination of the Lorain County Metropolitan Park District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Lorain County Metropolitan Park District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Board of Park Commissioners  
Lorain County Metropolitan Park District

***Report on Internal Control Over Compliance***

The Lorain County Metropolitan Park District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Lorain County Metropolitan Park District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Lorain County Metropolitan Park District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
June 22, 2018



**LORAIN COUNTY METROPOLITAN PARK DISTRICT  
LORAIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2017**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Highway Planning and Construction Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

LORAIN COUNTY METROPOLITAN PARK DISTRICT

LORAIN 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  
AUGUST, 23 2018