



OHIO AUDITOR OF STATE
KEITH FABER



**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY
DECEMBER 31, 2019 AND 2018**

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METROPARKS OF BUTLER COUNTY
BUTLER COUNTY
DECEMBER 31, 2019 AND 2018

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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 (the Park District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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 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 Park District'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, each major fund, and the aggregate remaining fund information of the Metroparks of Butler County, Butler County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Park District. 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 October 15, 2020, on our consideration of the 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 Park District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 15, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019, 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 2019 are as follows:

- Net position increased \$327,047 which represents a 11.32% increase from 2018.
- General receipts accounted for \$6,078,743, or 78.15% of all receipts. Program specific receipts, in the form of charges for services and sales and capital grants and contributions, accounted for \$1,699,935 or 21.85% of total receipts of \$7,778,678.
- The District had \$7,451,631 in disbursements related to governmental activities; program-specific charges for services, grants and contributions offset only \$1,699,935 of these disbursements. General receipts supporting governmental activities totaling \$6,078,743 including local taxes, unrestricted grants and entitlements and miscellaneous receipts, were adequate to provide for these programs.
- The District's receipts decreased \$1,012,955 or 11.52% from the prior year. Additionally, the disbursements decreased \$1,693,571 or 18.50% from the prior 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 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, 2019**

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 2019, 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, 2019

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 2019 and 2018.

**Table 1
Net Position**

	Governmental Activities	
	2019	2018
<u>Assets:</u>		
Cash with Fiscal Agent	\$ 3,186,853	\$ 2,888,435
Cash in Segregated Accounts	28,629	-
Total assets	\$ 3,215,482	\$ 2,888,435
<u>Net position:</u>		
Restricted	\$ 55,335	\$ 95,329
Unrestricted	3,160,147	2,793,106
Total net position	\$ 3,215,482	\$ 2,888,435

The District's cash balance and net position at December 31, 2019 amounted to \$3,215,482. Of this amount, \$55,335 is restricted as to use.

Table 2 reflects the change in net position in 2019 and 2018.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Governmental Activities		Change
	2019	2018	
Receipts:			
Program cash receipts:			
Charges for services and sales	\$ 1,091,812	\$ 965,024	\$ 126,788
Operating grants and contributions	-	1,171	(1,171)
Capital Grants and Contributions	608,123	1,003,096	(394,973)
Total program cash receipts	<u>1,699,935</u>	<u>1,969,291</u>	<u>(269,356)</u>
General receipts:			
Local taxes	4,897,974	4,741,044	156,930
Grants and entitlements not restricted by specific program	1,069,974	1,919,608	(849,634)
Donations	21,836	86,879	(65,043)
Interest	79,757	57,379	22,378
Miscellaneous	9,202	17,432	(8,230)
Total general receipts	<u>6,078,743</u>	<u>6,822,342</u>	<u>(743,599)</u>
Total receipts	<u>7,778,678</u>	<u>8,791,633</u>	<u>(1,012,955)</u>
Disbursements:			
Salaries and benefits	3,363,538	3,516,631	(153,093)
Materials and supplies	671,225	772,910	(101,685)
Contracted service	1,210,259	1,583,627	(373,368)
Other	996,164	65,986	930,178
Capital outlay	485,833	2,460,441	(1,974,608)
Debt Service:			
Principal retirement	589,356	587,781	1,575
Interest and fiscal charges	135,256	157,826	(22,570)
Total disbursements	<u>7,451,631</u>	<u>9,145,202</u>	<u>(1,693,571)</u>
Change in net position	327,047	(353,569)	680,616
Net position at beginning of year	<u>2,888,435</u>	<u>3,242,004</u>	<u>(353,569)</u>
Net position at end of year	<u>\$ 3,215,482</u>	<u>\$ 2,888,435</u>	<u>\$ 327,047</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, 2019

**Table 3
Governmental Activities**

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Disbursements:				
Salaries and benefits	\$ 3,363,538	\$ 2,825,280	\$ 3,516,631	\$ 3,516,631
Materials and supplies	671,225	564,717	772,910	(230,186)
Contracted service	1,210,259	1,020,190	1,583,627	1,583,627
Other	996,164	739,187	65,986	65,986
Capital outlay	485,833	(20,632)	2,460,441	1,494,246
Debt Service:				
Principal retirement	589,356	509,356	587,781	587,781
Interest and fiscal charges	135,256	113,598	157,826	157,826
Totals	<u>\$ 7,451,631</u>	<u>\$ 5,751,696</u>	<u>\$ 9,145,202</u>	<u>\$ 7,175,911</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 2019, the District had a total ending fund balance of \$3,215,482.

The general fund is the chief operating fund of the District. At the end of 2019, unassigned fund balance in the general fund was \$1,486,227. 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 21.69% of the total general fund disbursements.

Receipts exceeded disbursements in the general fund by \$911,355, excluding other financing sources and uses in 2019. Local taxes account for 68.31% of receipts in the general fund. Salaries and benefits account for 53.74% of disbursements in the general fund. The general fund balance increased \$318,461 from \$2,793,106 to an ending balance of \$3,111,567.

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 2019, the District amended its general fund budget several times. For the general fund, final budgeted receipts and other financing sources were \$7,269,972, which were the same as original budgeted receipts. Actual receipts for 2019 were \$7,170,555; this represents a \$99,417 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, 2019

General fund final budgeted disbursements and other financing uses were \$8,703,528, which were less than original budgeted disbursements of \$8,703,529. Actual budget-basis disbursements and other financing uses for 2019 totaled \$7,294,950 and were \$1,408,578 less than the final budget.

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 12.31.19</u>	<u>Balance at 12.31.18</u>
PNC Special Revenue Bonds - 2017	\$ 2,702,600	\$ 3,174,400
Stander Trust General Obligation Notes	112,668	150,224
PNC Special Revenue Bonds - 2012	<u>240,000</u>	<u>320,000</u>
Totals	<u>\$ 3,055,268</u>	<u>\$ 3,644,624</u>

See Note 4 to the basic financial statements for further detail.

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, 2019

		<u>Governmental Activities</u>
Assets		
Cash with fiscal agent	\$	3,186,853
Cash in Segregated Accounts.		<u>28,629</u>
Total assets	\$	<u><u>3,215,482</u></u>
 Net position		
Restricted for:		
Conservation / Recreation	\$	5
Capital projects		55,330
Unrestricted.		<u>3,160,147</u>
Total net position	\$	<u><u>3,215,482</u></u>

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, 2019

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services and</u> <u>Sales</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:				
Salaries and benefits.	\$ 3,363,538	\$ 538,258	\$ -	\$ (2,825,280)
Materials and supplies.	671,225	106,508	-	(564,717)
Contracted services.	1,210,259	190,069	-	(1,020,190)
Other.	996,164	256,977	-	(739,187)
Capital outlay.	485,833	-	506,465	20,632
Debt Service:				
Principal retirement.	589,356	-	80,000	(509,356)
Interest and fiscal charges.	135,256	-	21,658	(113,598)
Total governmental activities	<u>\$ 7,451,631</u>	<u>\$ 1,091,812</u>	<u>\$ 608,123</u>	<u>(5,751,696)</u>
General receipts:				
Local taxes				4,897,974
Grants and entitlements not restricted to specific programs.				1,069,974
Donations.				21,836
Interest.				79,757
Miscellaneous				9,202
Total general receipts.				<u>6,078,743</u>
Change in net position				327,047
Net position at beginning of year				<u>2,888,435</u>
Net position at end of year				<u>\$ 3,215,482</u>

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, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash with fiscal agent.	\$ 3,082,938	\$ 103,915	\$ 3,186,853
Cash in Segregated Accounts	28,629	-	28,629
Total Assets	<u>\$3,111,567</u>	<u>\$103,915</u>	<u>\$3,215,482</u>
Fund balances			
Restricted:			
Conservation / recreation	\$ -	\$ 5	\$ 5
Capital projects	-	55,330	55,330
Committed:			
Debt service	-	205	205
Conservation / recreation	-	48,375	48,375
Assigned:			
Subsequent year appropriation	1,233,879	-	1,233,879
Encumbrances.	391,462	-	391,462
Unassigned	<u>1,486,226</u>	<u>-</u>	<u>1,486,226</u>
Total fund balances.	<u>\$ 3,111,567</u>	<u>\$ 103,915</u>	<u>\$ 3,215,482</u>

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, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:			
Local taxes.	\$ 4,897,974	\$ -	\$ 4,897,974
Program income.	1,091,812		1,091,812
Intergovernmental.	1,069,974	599,158	1,669,132
Earnings on investments.	79,757	8,965	88,722
Donations.	21,836	-	21,836
Miscellaneous.	9,202	-	9,202
Total receipts.	7,170,555	608,123	7,778,678
Disbursements:			
Current:			
Conservation / recreation:			
Salaries and benefits.	3,363,538	-	3,363,538
Materials and supplies.	671,225	-	671,225
Contracted services.	1,197,834	12,425	1,210,259
Other.	989,047	7,117	996,164
Capital outlay.	-	485,833	485,833
Debt service:			
Principal retirement.	37,556	551,800	589,356
Interest and fiscal charges.	-	135,256	135,256
Total disbursements.	6,259,200	1,192,431	7,451,631
Excess of disbursements over receipts.	911,355	(584,308)	327,047
Other financing sources (uses):			
Transfers in.	-	592,894	592,894
Transfers (out).	(592,894)	-	(592,894)
Total other financing sources (uses).	(592,894)	592,894	-
Net change in fund balances.	318,461	8,586	327,047
Fund balances at beginning of year.	2,793,106	95,329	2,888,435
Fund balances at end of year.	\$ 3,111,567	\$ 103,915	\$ 3,215,482

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Local taxes.	\$ 4,725,000	\$ 4,725,000	\$ 4,897,974	\$ 172,974
Program income.	880,390	880,390	1,091,812	211,422
Intergovernmental.	1,553,709	1,553,709	1,069,974	(483,735)
Earnings on investments.	30,000	30,000	79,757	49,757
Donations.	12,000	12,000	21,836	9,836
Miscellaneous.	68,873	68,873	9,202	(59,671)
Total receipts.	<u>7,269,972</u>	<u>7,269,972</u>	<u>7,170,555</u>	<u>(99,417)</u>
Disbursements:				
Current:				
Conservation / recreation:				
Salaries and benefits.	4,203,576	4,203,576	3,414,931	788,645
Materials and supplies.	806,378	806,378	754,596	51,782
Contracted services.	1,585,378	1,585,378	1,400,285	185,093
Other.	1,477,747	1,477,746	1,094,688	383,058
Debt service:				
Principal retirement.	37,556	37,556	37,556	-
Total disbursements.	<u>8,110,635</u>	<u>8,110,634</u>	<u>6,702,056</u>	<u>1,408,578</u>
Excess of disbursements over receipts.	<u>(840,663)</u>	<u>(840,662)</u>	<u>468,499</u>	<u>1,309,161</u>
Other financing sources (uses):				
Transfers out.	(592,894)	(592,894)	(592,894)	-
Total other financing sources (uses).	<u>(592,894)</u>	<u>(592,894)</u>	<u>(592,894)</u>	<u>-</u>
Net change in fund balance	(1,433,557)	(1,433,556)	(124,395)	1,309,161
Fund balance at beginning of year.	2,157,804	2,157,804	2,157,804	-
Prior year encumbrances appropriated.	635,302	635,302	635,302	-
Fund balance at end of year.	<u>\$ 1,359,549</u>	<u>\$ 1,359,550</u>	<u>\$ 2,668,711</u>	<u>\$ 1,309,161</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - REPORTING 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING

A. 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, 2019

NOTE 2 - 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.

B. Cash with Fiscal Agent/Segregated Accounts

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. The cash in segregated accounts are District funds held in a clearing account for health insurance payments.

C. 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.

D. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

E. 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 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

2. 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. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

3. 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. Those committed amounts cannot be used for any other purpose unless the Board 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, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - 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.

F. Capital Assets

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

G. 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.

H. 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.

I. 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 6 and 7, 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, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. 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.

K. 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 3 - 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, 2019, the encumbrances outstanding at year end (budgetary basis) amounted to \$391,462 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, 2019

NOTE 4 - DEBT

At December 31, 2019, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2019</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.	\$ 2,702,600
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.	112,668
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.	240,000
Total	<u><u>\$ 3,055,268</u></u>

Transactions for the year ended December 31, 2019 is summarized as follows:

	<u>Balance at 12/31/2018</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2019</u>
Stander Trust General Obligation Notes - 2003	\$ 150,224	\$ -	\$ (37,556)	\$ 112,668
PNC Special Revenue Bonds - 2012	320,000	-	(80,000)	240,000
PNC Special Revenue Bonds - 2017	<u>3,174,400</u>	<u>-</u>	<u>(471,800)</u>	<u>2,702,600</u>
Total	<u><u>\$ 3,644,624</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (589,356)</u></u>	<u><u>\$ 3,055,268</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEBT - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2019, are as follows:

Year Ending December 31,	2017		2003		2012	
	<u>PNC Special Revenue Bonds</u>		<u>Stander Trust General Obligation Notes</u>		<u>PNC Special Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 471,800	\$ 103,443	\$ 37,556	\$ -	\$ 80,000	\$ 10,680
2021	471,800	85,052	37,556	-	80,000	7,120
2022	<u>1,759,000</u>	<u>66,608</u>	<u>37,556</u>	<u>-</u>	<u>80,000</u>	<u>3,560</u>
Totals	<u>\$ 2,702,600</u>	<u>\$ 255,103</u>	<u>\$ 112,668</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 21,360</u>

Year Ending December 31,	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 589,356	\$ 114,123
2021	589,356	92,172
2022	<u>1,876,556</u>	<u>70,168</u>
Totals	<u>\$ 3,055,268</u>	<u>\$ 276,463</u>

NOTE 5 - 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.

NOTE 6 - DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees, other than full-time police and firefighters, 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 Pension Plan.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension 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
State and Local	State and Local	State and Local
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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
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 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 3.00% 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 3.00%.

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 1.00% 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 3.00% 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

	State and Local	Law Enforcement
2019 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
2019 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	0.0 %	0.0 %
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 percent 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 for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$375,043 for 2019.

NOTE 7 - DEFINED BENEFIT OPEB PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$26,789 for 2019.

NOTE 8 - 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 members as of December 31, 2017 (the latest information available).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RISK MANAGEMENT - (Continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	<u>2018</u>
Assets	\$15,065,000
Liabilities	(10,734,000)
Members' Equity	<u>\$4,331,000</u>

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

NOTE 9 - CONTINGENT LIABILITES

LITIGATION

Lawsuits are pending against the District. The District's management is unable to predict the likelihood of an unfavorable outcome in these matters.

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.

NOTE 10 - 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:

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 391,462
Other governmental	<u>31,301</u>
Total	<u>\$ 422,763</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General Fund	\$ 592,894

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.

NOTE 12 – SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and any recovery from emergency funding either federal or state, cannot be estimated.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The management's discussion and analysis of the Metroparks of Butler County, Butler County, Ohio's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2018, 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 cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- For 2018, the total net cash position of the District decreased \$353,569, which represents a 10.9% decrease from 2017.
- For 2018, general cash receipts accounted for \$6,822,342 or 77.6% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,969,291 or 22.4% of total governmental activities cash receipts.
- For 2018, the District had \$9,145,202 in cash disbursements related to governmental activities; \$1,969,291 of these cash disbursements were offset by program specific charges for services, operating grants contributions and interest and capital grants and contribution. General cash receipts (primarily property taxes) of \$6,822,342 were inadequate to provide for these programs.
- The District's only major fund is the general fund. The general fund had cash receipts of \$7,787,366 in 2018. The cash disbursements of the general fund totaled \$8,213,563 in 2018. The general fund's cash balance decreased \$426,197 from 2017 to 2018.

Using this Cash Basis Basic Financial Statements (BFS)

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

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there is only one major governmental fund. The general fund is the only significant major fund.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position – cash basis and the statement of activities – cash basis answer the question, how did we do financially during 2018? These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net position and changes in that net position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and deferred outflows of resources and 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) and deferred inflows of resources are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position – cash basis and the statement of activities – cash basis, governmental activities include the District's programs and services, including general administration. Property taxes and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and clean Ohio conservation fund.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
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(Unaudited)

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position – cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at December 31, 2018 and December 31, 2017.

	<u>Net Cash Position</u>	
	Governmental Activities 2018	Governmental Activities 2017
Assets		
Equity in pooled cash and cash equivalents	\$ 2,888,435	\$ 3,242,002
Total assets	<u>2,888,435</u>	<u>3,242,002</u>
Net Position		
Restricted	95,329	856,327
Unrestricted	<u>2,793,106</u>	<u>2,385,675</u>
Total net position	<u>\$ 2,888,435</u>	<u>\$ 3,242,002</u>

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

For 2018, the total net cash position of the District decreased \$353,567, which represents a 10.9% decrease. The balance of government-wide unrestricted net cash position of \$2,793,106 at December 31, 2018 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for 2018 and 2017.

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2018</u>	<u>2017</u>
Cash receipts		
Program cash receipts:		
Charges for services	\$ 965,024	\$ 823,209
Operating grants and contributions	1,173	-
Capital grants and contributions	<u>1,003,096</u>	<u>178,990</u>
Total program cash receipts	<u>1,969,293</u>	<u>1,002,199</u>
General cash receipts:		
Property taxes levied for:		
General purposes	4,741,044	4,703,710
Grants and entitlements not restricted to specific programs	1,919,608	1,703,967
Gifts and donations	86,879	13,542
Interest	57,379	47,302
Miscellaneous	17,432	132,591
Refunding bonds	-	3,718,000
Total general cash receipts	<u>6,822,342</u>	<u>10,319,112</u>
Total cash receipts	<u>8,791,635</u>	<u>11,321,311</u>
Cash disbursements		
Conservation/recreation	5,939,154	5,286,297
Capital outlay	2,460,441	3,828,922
Debt service	<u>745,607</u>	<u>1,155,953</u>
Total cash disbursements	<u>9,145,202</u>	<u>10,271,172</u>
Change in net cash position	(353,567)	1,050,139
Net cash position at beginning of year	<u>3,242,002</u>	<u>2,191,863</u>
Net cash position at end of year	<u>\$ 2,888,435</u>	<u>\$ 3,242,002</u>

Governmental Activities

Governmental cash position decreased by \$353,567 in 2018 from 2017.

In 2018, charges for services were \$965,024, operating grants and contributions were \$1,173 and capital grants and contributions were \$1,003,096 of the District.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

In 2018, conservation/recreation disbursements were \$7,843,415, or 85.8% of total governmental cash disbursements.

The statement of activities – cash basis shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Cash disbursements				
Conservation/recreation	\$ 5,939,154	\$ 4,936,058	\$ 5,286,297	\$ 4,802,380
Capital outlay	2,460,441	1,494,246	3,828,922	3,411,220
Debt service	<u>745,607</u>	<u>745,607</u>	<u>1,155,953</u>	<u>1,055,373</u>
Total	<u>\$ 9,145,202</u>	<u>\$ 7,175,911</u>	<u>\$ 10,271,172</u>	<u>\$ 9,268,973</u>

The dependence upon general cash receipts for governmental activities is apparent; with 78.5% of cash disbursements supported through taxes and other general cash receipts during 2018.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$2,888,435 which is \$353,567 less than last year's total of \$3,242,002. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2018 and December 31, 2017, for all major and nonmajor governmental funds.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

	<u>Fund Cash Balance</u>		Increase (Decrease)
	December 31, <u>2018</u>	December 31, <u>2017</u>	
Major funds			
General	\$ 2,793,106	\$ 3,219,303	\$ (426,197)
Other nonmajor governmental funds	<u>95,329</u>	<u>22,699</u>	<u>72,630</u>
 Total	 <u>\$ 2,888,435</u>	 <u>\$ 3,242,002</u>	 <u>\$ (353,567)</u>

During 2018, the District's fund cash balance decreased \$353,567. This increase can primarily be attributed to the activity of the general fund. The general fund experienced higher cash disbursements during 2018 due to an increase in capital spending.

General Fund

The general fund, the District's only major fund, had cash receipts of \$7,787,366 in 2018. The cash disbursements of the general fund totaled \$8,213,563 in 2018. The general fund's cash balance decreased \$426,197 from 2017 to 2018.

The table that follows assists in illustrating cash receipts of the general fund for 2018 and 2017.

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
	<u>Amount</u>	<u>Amount</u>	
Cash Receipts			
General property taxes	\$ 4,741,044	\$ 4,703,710	0.79 %
Intergovernmental	1,919,608	1,703,967	12.66
Program income	965,024	823,209	17.23
Gifts and donations	86,879	13,542	541.55
Interest	57,379	47,302	21.30
Other	<u>17,432</u>	<u>132,591</u>	(86.85)
 Total	 <u>\$ 7,787,366</u>	 <u>\$ 7,424,321</u>	 4.89 %

During 2018, the cash receipts of the general fund increased \$363,045 or 4.9%. This increase can mainly be attributed to an increase in donations and merchandise sales.

Budgeting Highlights - General Fund

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. For 2018, the general fund original and final budget basis receipts and other financing sources were \$7,853,678 and \$8,478,521, respectively. Actual cash receipts and other financing sources of \$7,787,366 were less than final budget estimates by \$691,155. The final budgetary basis disbursements and other financing uses of \$8,250,316 were \$79,583 less than original and final budgets of \$8,329,899.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had cash disbursements related to the acquisitions of property, plant and equipment in the amount of \$2,460,441 during 2018.

Debt Administration

The District had long-term obligations totaling \$4,044,624 outstanding at December 31, 2018. Note 9 to the financial statements provides more information.

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, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan R. Granville, Executive Director, 2051 Timberman Road, Hamilton, Ohio 45013.

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Metroparks of Butler County
Butler County
Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 2,888,435
Total assets	2,888,435
Net Position	
Restricted for:	
Capital projects	9,078
Debt service	154
Other purposes	86,097
Unrestricted	2,793,106
Total net position	\$ 2,888,435

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Statement of Activities - Cash Basis
December 31, 2018

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Leisure time activities:					
Salaries and benefits	\$ 3,516,631	\$ -	\$ -	\$ -	\$ (3,516,631)
Materials and supplies	556,180	-	-	1,003,096	446,916
Equipment	216,730	-	-	-	(216,730)
Contracted services	1,430,452	-	-	-	(1,430,452)
Utilities	153,175	-	-	-	(153,175)
Other	65,986	-	-	-	(65,986)
Capital Outlay	2,460,441	965,024	1,173	-	(1,494,244)
Debt service:					
Principal retirement	587,781	-	-	-	(587,781)
Interest and fiscal charges	157,826	-	-	-	(157,826)
Total governmental activities	<u>\$ 9,145,202</u>	<u>\$ 965,024</u>	<u>\$ 1,173</u>	<u>\$ 1,003,096</u>	<u>(7,175,909)</u>
		General Receipts			
		Property and other taxes levied for:			
		General purposes			4,741,044
		Grants and entitlements not restricted to specific programs			1,919,608
		Gifts and donations			86,879
		Interest			57,379
		Miscellaneous			17,432
		Total general receipts			<u>6,822,342</u>
		Change in net position			(353,567)
		Net position beginning of year			<u>3,242,002</u>
		Net position end of year			<u>\$ 2,888,435</u>

See accompanying notes to the financial statements

Metroparks of Butler County
Butler County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash and cash equivalents	\$ 2,793,106	\$ 95,329	\$ 2,888,435
Total assets	<u>2,793,106</u>	<u>95,329</u>	<u>2,888,435</u>
Fund Balances			
Restricted	-	146,564	146,564
Committed	-	159	159
Assigned	1,433,557	-	1,433,557
Unassigned	<u>1,359,549</u>	<u>(51,394)</u>	<u>1,308,155</u>
Total fund balances	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>

See accompanying notes to the financial statements

Metroparks of Butler County
Butler County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
From local sources:			
General property taxes	\$ 4,741,044	\$ -	\$ 4,741,044
Intergovernmental	1,919,608	680,778	2,600,386
Grants	-	322,318	322,318
Program income	965,024	-	965,024
Gifts and donations	86,879	-	86,879
Interest	57,379	1,173	58,552
Other	17,432	-	17,432
Total receipts	7,787,366	1,004,269	8,791,635
Disbursements			
Current:			
Salaries and benefits	3,516,631	-	3,516,631
Materials and supplies	556,180	-	556,180
Equipment	216,730	-	216,730
Contracted services	892,174	538,278	1,430,452
Utilities	153,175	-	153,175
Other	65,986	-	65,986
Capital Outlay	2,178,157	282,284	2,460,441
Principal Retirement	35,981	551,800	587,781
Interest and Fiscal Charges	-	157,826	157,826
Total disbursements	7,615,014	1,530,188	9,145,202
Excess of receipts over (under) disbursement:	172,352	(525,919)	(353,567)
Other financing sources (uses)			
Transfers in	-	598,549	598,549
Transfers out	(598,549)	-	(598,549)
Advances in	191,591	191,591	383,182
Advances out	(191,591)	(191,591)	(383,182)
Total other financing sources (uses)	(598,549)	598,549	-
Net change in fund balance	(426,197)	72,630	(353,567)
Fund balances beginning of year	3,219,303	22,699	3,242,002
Fund balances end of year	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>

See accompanying notes to the financial statements

Metroparks of Butler County
Butler County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
General property taxes	\$ 3,630,174	\$ 3,701,354	\$ 4,741,044	\$ 1,039,690
Intergovernmental	1,469,826	1,498,646	1,919,608	420,962
Program income	2,358,509	2,808,034	965,024	(1,843,010)
Gifts and donations	212,331	252,801	86,879	(165,922)
Interest	140,234	166,962	57,379	(109,583)
Other	42,604	50,724	17,432	(33,292)
Total receipts	7,853,678	8,478,521	7,787,366	(691,155)
Disbursements				
Current:				
Salaries and benefits	3,441,902	3,441,902	3,810,015	(368,113)
Improvements	663,337	663,337	602,581	60,756
Equipment	258,486	258,486	234,811	23,675
Professional services	1,064,065	1,064,065	966,606	97,459
Utilities and fees	182,686	182,686	165,954	16,732
Office operations	78,699	78,699	71,491	7,208
Program/recreation	2,597,811	2,597,811	2,359,875	237,936
Worker's compensation	42,913	42,913	38,983	3,930
Total disbursements	8,329,899	8,329,899	8,250,316	79,583
Excess of receipts under disbursements	(476,221)	148,622	(462,950)	(611,572)
Other financing sources (uses)				
Transfers out	(598,549)	(598,549)	(598,549)	-
Advances in	-	-	191,591	191,591
Advances out	-	-	(191,591)	(191,591)
Total other financing sources (uses)	(598,549)	(598,549)	(598,549)	-
Net change in fund balance	(1,074,770)	(449,927)	(1,061,499)	(611,572)
Fund balance at beginning of year	2,887,244	2,887,244	2,887,244	-
Prior year encumbrances appropriated	332,059	332,059	332,059	-
Fund balance at end of year	\$ 2,144,533	\$ 2,769,376	\$ 2,157,804	\$ (611,572)

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting 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.

Public Entity Risk Pool

The District participates in the Ohio Risk Plan Management, Inc. (OPRM), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, 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 District's accounting policies.

Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government. All of the activities of the District are considered governmental type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each 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 program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the general receipts of the District.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – 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 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. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The District uses fund accounting 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. All of the funds of the District are presented as governmental.

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 The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the 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.

Budgetary Process

All 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 ordinance, 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 Board of Commissioners may appropriate.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Board. The legal level of control has been established by the Board at the fund, department, and object level for all funds. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 certificated of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations ordinance 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 amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Cash with a 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.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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.

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 District's cash basis of accounting.

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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Long-Term Obligations

The District’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the 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.

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. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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. Those committed amounts cannot be used for any other purpose unless the Board 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, 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.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the 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 the Board or a District official delegated that authority by resolution, or by State statute. State Statute authorizes the District Clerk/Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board can also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

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 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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 in the financial statements.

Note 3 – 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 – 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 that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). For 2018, the outstanding encumbrances at year end (budgetary basis) amounted to \$635,302 for the general fund.

Note 4 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2018 for real and public utility property taxes represent collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected and intended to finance 2019.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 – Property Taxes (continued)

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 personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 real property taxes.

The full tax rates for all District operations for the year ended December 31, 2018, were \$4.76 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2018 property tax receipts were based are as follows:

	2018 <u>Collection Year</u>
Real Property	
Residential and Agricultural	\$ 6,052,935,270
Commercial, industrial and minerals	1,692,503,630
Public Utility	1,697,130
Tangible Personal Property	
Public Utility Personal	<u>513,525,820</u>
Total Assessed Value	<u>\$ 8,260,661,850</u>

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

Note 5 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017 (latest information available).

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 5 – Risk Management (continued)

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

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

Note 6 – Transfers

Transfers

During 2018, the following transfers were made:

Transfer to	Transfer from
	General
Other Nonmajor Governmental Funds	\$ 598,549

The above mentioned Transfers From/To were to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations⁷

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan (continued)

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 in the traditional and combined plans 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	Group B	Group C
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
State and Local	State and Local	State and Local
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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
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.

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

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan (continued)

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local	Law Enforcement
2018 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %
 2018 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$399,760 for year 2018.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2018.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

The District had the following outstanding debt as of December 31, 2018:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
PNC Special Revenue Bonds, Series 2017	3.8-4.1%	-	2022
Stander Trust General Obligation Notes, Series 2003	0.00%	-	2022
PNC Special Revenue Bonds, Series 2012	4.45%	-	2022

The District’s long-term debt activity for the year ended December 31, 2018 was as follows:

	Interest Rates	Balance at 1/1/2018	Increase	Decrease	Balance at 12/31/2018	Due in 1 Year
Governmental Activities:						
Stander Trust GO Notes	0.00%	\$ 187,780	\$ -	\$ (37,556)	\$ 150,224	\$ 37,556
PNC Bonds, Series 2012	3.8-4.1%	400,000	-	(80,000)	320,000	80,000
PNC Bonds, Series 2017	4.45%	3,646,200	-	(471,800)	3,174,400	471,800
Total Governmental Activities		<u>\$ 4,233,980</u>	<u>\$ -</u>	<u>\$ (589,356)</u>	<u>\$ 3,644,624</u>	<u>\$ 589,356</u>

The Stander Trust General Obligation Notes, Series 2003 were used to finance the purchase of land to be used for future development. The Series 2003 Notes carry no interest. Payments are made from the general fund and the note matures in 2022.

The PNC Special Revenue Bonds, Series 2012 were used to finance the multi-purpose athletic fields project at Voice of America Park. The Series 2012 Bonds carry an interest rate of 4.45%. Payments are made from the capital projects fund and the bond matures in 2022.

The PNC Special Revenue Bonds, Series 2017 were used to refinance Series 2008 Special Revenue Bonds and for capital projects. The Series 2017 Bonds carry an interest rate between 3.80% and 4.10%. Payments are made from the bond fund and the bond matures in 2022.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018 are as follows:

Year Ending December 31:	PNC, Series 2017		GO Notes, Series 2003		PNC, Series 2012	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,759,000	66,545	37,556	-	80,000	3,560
Total	<u>\$ 3,174,400</u>	<u>\$ 376,844</u>	<u>\$ 150,224</u>	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ 35,600</u>

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 - Contingent Liabilities

The District may be a defendant in lawsuits. Although the outcome of any lawsuit is not presently determinable, the resolution of any matter will not have a material adverse effect on the financial condition of the District.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 major governmental funds and all other governmental funds are presented below:

	2018	Other	Total
Fund Balances	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<u>Restricted for</u>			
Capital improvements	\$ -	\$ 146,564	\$ 146,564
Total restricted	-	146,564	146,564
<u>Committed</u>			
Debt service	-	154	154
Other purposes	-	5	5
Total committed	-	159	159
<u>Assigned</u>			
Encumbrances	<u>635,302</u>	-	<u>635,302</u>
Unassigned	<u>2,157,804</u>	<u>(51,394)</u>	<u>2,106,410</u>
Total fund balances	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>

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OHIO AUDITOR OF STATE KEITH FABER



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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, (the Park District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements and have issued our report thereon dated October 15, 2020, wherein we noted the Park District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Park District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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. 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 that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

Park District's Response to Findings

The Park District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Park District's response to the auditing procedures applied in the audit of the financial statements 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 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 Park District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 15, 2020

**METROPARKS OF BUTLER COUNTY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following conditions related to the Park District's financial statements at December 31, 2019:

- The Park District improperly reported beginning fund balance in the General Fund, resulting in an understatement of Beginning Fund Balance and Cash in the amount of \$51,395.
- The Park District improperly reported beginning fund balance in the Other Governmental Funds, resulting in an overstatement of Beginning Fund Balance and Cash in the amount of \$51,395.
- The Park District improperly reported original budgeted receipts in the General Fund, resulting in an overstatement of original budgeted receipts in the amount of \$496,122.
- The Park District improperly reported original appropriations in the General Fund, resulting in an overstatement of original appropriations in the amount of \$734,581.

We identified the following condition related to the Park District's financial statements at December 31, 2018:

- The Park District improperly reported on-behalf activity twice in the On Behalf Clean Ohio Fund, resulting in an overstatement of Grants Receipts and Contracted Services Disbursements in the amount of \$90,970.

The financial statements and accounting records have been adjusted for these errors, where applicable.

The Park District did not have procedures in place for effective monitoring of financial activity and the accuracy of accounting and financial reporting. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and preparation of the financial statements to prevent errors and to assist in properly reflecting the Park District's activity. In addition, the Board should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**FINDING NUMBER 2019-001
(Continued)**

Officials' Response:

Although it is understood that the MetroParks of Butler County Management is responsible for its Financial Statements, please be aware that contracted, third-party compilation services were used to create annual Financial Statements, and all the Certificates of Estimated Resources and sub-ledger account details were provided to the third party compiler. The provided documents detail would have easily supported correctly reporting the cited adjustments had MetroParks been aware or advised of the need to adjust the records. After the completion of the Financial Statements, MetroParks did not receive any advice on the contrary on any of the issues during the compilation reports. To prevent such findings in the future, MetroParks must carefully review and agree with the Accounting Firm's Annual Compiler's completed Financial Statements and confirm the correct documents were used and applied accordingly in compiling the annual Financial Statements.

If the Revised Code clearly required that as Fiscal Officer the County Auditor was to compile a park district's annual financial reports, MetroParks would not be required to use outside third- party contractors in which MetroParks had to trust to compile the annual reports accurately. However, a Butler County Prosecutor's opinion indicates that MetroParks as a Chapter Ohio RC 1545 park district that has not appointed its own Treasurer it cannot rely on the County Auditor to create its annual compilation reports.

MetroParks is not aware of any untimely recordings of transactions and is already utilizing the available accounting system in segregated detail for revenue and expenditure in the sub-ledger.

The action plan on the cited findings are as follow:

- In 2019, MetroParks of Butler County Financial Management trusted the contracted third-party accounting firm to accurately compile the Financial Statements. Going forward, the completed work of the accounting firm hire to perform this service will be thoroughly examined. A prior audit adjustment was not implemented in the 2019 Financial Statement because MetroParks following a change of its Financial Management staff was not aware of such adjustment needed to be completed in the Financial Statement. However, it is important to note that no funds were found to have been misspent or lost. Going forward, steps will be taken to ensure that all MetroParks Financial Management staff is aware of such adjustments may be needed in future Financial Statements. The prior audit finding noted in this audit will not be carried forward as a problem in the future because the Clean Ohio grant funded Meadow Ridge project is completed, and the fund was closed in 2020.
- In 2018, in the Clean Ohio Fund, on-behalf activity was reported twice as memo-in and memo-out due to change over in MetroParks Financial Management staff. However, it is important to note that no funds were found to have been misspent or lost. To prevent such finding in the future, all corresponding project Memo-in and Memo-out activity must to be documented accurately and reviewed in the respective project files that are used for the accounting records.



The mission of the MetroParks of Butler County is to provide a superior park system that maximizes the community's quality of life through conservation, education and recreation.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Initially occurred in 2016 – Inaccurate financial reporting	Not Corrected	Reissued as Finding 2019-001

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OHIO AUDITOR OF STATE KEITH FABER



METROPARKS OF BUTLER COUNTY

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov