

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

FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

KIMBERLY J. GEISLER, SUPERVISOR OF FINANCIAL & VISITOR SERVICES



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the MetroParks of Butler County, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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Dave Yost
Auditor of State

November 8, 2012

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

MetroParks of Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the MetroParks of Butler County, Butler County, Ohio, as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the MetroParks of Butler County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1.B., the MetroParks of Butler County has prepared the financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the MetroParks of Butler County's larger (i.e. major) funds separately. While the MetroParks of Butler County does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The MetroParks of Butler County has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the MetroParks of Butler County as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserve for encumbrances as of December 31, 2010 of the MetroParks of Butler County, Butler County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis as described in Note 1.B.

MetroParks of Butler County
Independent Accountants' Report
Page Two

As described in Note 1.F., during 2011, the MetroParks of Butler County adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2012, on our consideration of the MetroParks of Butler County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Julian & Grube, Inc.
August 27, 2012

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Fund Types			Total (Memorandum Only)
	General	Capital Projects	Permanent	
Cash receipts:				
Local taxes	\$ 3,443,971	\$ -	\$ -	\$ 3,443,971
Charges for services	132,048	-	-	132,048
Fees, licenses and permits	187,137	-	-	187,137
Intergovernmental	874,437	-	-	874,437
Earnings on investments	7,253	-	1,878	9,131
Farm lease income	39,291	-	-	39,291
Donations and contributions	12,935	-	-	12,935
Miscellaneous	63,620	-	-	63,620
Total cash receipts	4,760,692	-	1,878	4,762,570
Cash disbursements:				
Current:				
Conservation / Recreation				
Salaries - employees	794,171	-	-	794,171
Supplies	12,621	-	-	12,621
Materials	161,442	-	-	161,442
Equipment	149,123	-	-	149,123
Maintenance and repair	19,685	-	-	19,685
Contracts - services	193,398	-	10,050	203,448
Utilities and insurance	95,879	-	-	95,879
Travel	3,108	-	-	3,108
Public employees retirement	103,362	-	-	103,362
Workers' compensation	14,312	-	-	14,312
Health insurance	63,660	-	-	63,660
Auditor and treasurer fees	70,027	-	-	70,027
Other expense	104,274	-	-	104,274
Capital outlay	404,846	-	-	404,846
Debt service:				
Redemption of principal	97,166	-	-	97,166
Interest and other fiscal charges	59,816	-	-	59,816
Total cash disbursements	2,346,890	-	10,050	2,356,940
Total cash receipts over/(under) cash disbursements	2,413,802	-	(8,172)	2,405,630
Other financing receipts/(disbursements):				
Operating transfers in	-	1,500,000	-	1,500,000
Operating transfers out	(1,500,000)	-	-	(1,500,000)
Total other financing receipts/(disbursements)	(1,500,000)	1,500,000	-	-
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing (disbursements)	913,802	1,500,000	(8,172)	2,405,630
Fund cash balances, January 1, 2011	497,472	-	120,423	617,895
Fund cash balances, December 31, 2011	\$ 1,411,274	\$ 1,500,000	\$ 112,251	\$ 3,023,525
Fund cash balances:				
Nonspendable	-	-	104,746	104,746
Restricted	-	-	7,505	7,505
Committed	-	1,500,000	-	1,500,000
Assigned	226,217	-	-	226,217
Unassigned	1,185,057	-	-	1,185,057
Fund cash balances, December 31, 2011	\$ 1,411,274	\$ 1,500,000	\$ 112,251	\$ 3,023,525

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash receipts:			
Real estate conveyance fees	\$ 356,239	\$ -	\$ 356,239
Charges for services	105,943	-	105,943
Fees, licenses and permits	363,404	-	363,404
Intergovernmental	435,166	-	435,166
Earnings on investments	2,543	1,715	4,258
Farm lease income	33,580	-	33,580
Donations and contributions	10,662	-	10,662
Miscellaneous	56,131	-	56,131
Total cash receipts	<u>1,363,668</u>	<u>1,715</u>	<u>1,365,383</u>
Cash disbursements:			
Current:			
Conservation / Recreation			
Salaries - employees	543,987	-	543,987
Supplies	5,374	-	5,374
Materials	99,519	-	99,519
Equipment	27,454	-	27,454
Maintenance and repair	10,077	-	10,077
Contracts - services	140,857	29,448	170,305
Utilities and insurance	95,706	-	95,706
Travel	875	-	875
Public employees retirement	74,595	-	74,595
Workers' compensation	16,014	-	16,014
Health insurance	49,018	-	49,018
Other expense	35,774	-	35,774
Debt service:			
Redemption of principal	223,896	-	223,896
Interest and other fiscal charges	266,211	-	266,211
Total cash disbursements	<u>1,589,357</u>	<u>29,448</u>	<u>1,618,805</u>
Total cash receipts over/(under) cash disbursements	<u>(225,689)</u>	<u>(27,733)</u>	<u>(253,422)</u>
Fund cash balances, January 1, 2010	<u>723,161</u>	<u>148,156</u>	<u>871,317</u>
Fund cash balances, December 31, 2010	<u>\$ 497,472</u>	<u>\$ 120,423</u>	<u>\$ 617,895</u>
Reserve for encumbrances, December 31, 2010	<u>\$ 91,321</u>	<u>\$ 10,050</u>	<u>\$ 101,371</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The District had the following capital projects fund:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

Capital Projects - (2011) - This fund is used to account for capital improvements of the District.

3. Permanent Fund

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

Park District Trust Fund

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

F. Fund Balance

For December 31, 2011, the District implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which had no effect on fund balances. 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:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

I. Interfund Transactions

During the course of normal operations, the District had a transaction between funds. This included a transfer of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

J. Total Columns on Financial Statements

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

NOTE 2 - BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,449,650	\$ 4,760,692	\$ 311,042
Capital Projects	-	1,500,000	1,500,000
Permanent	<u>2,000</u>	<u>1,878</u>	<u>(122)</u>
Total	<u>\$ 4,451,650</u>	<u>\$ 6,262,570</u>	<u>\$ 1,810,920</u>

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,441,958	\$ 4,073,107	\$ 1,368,851
Capital Projects	-	-	-
Permanent	<u>17,677</u>	<u>10,050</u>	<u>7,627</u>
Total	<u>\$ 5,459,635</u>	<u>\$ 4,083,157</u>	<u>\$ 1,376,478</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,387,722	\$ 1,363,668	\$ (24,054)
Permanent	<u>3,500</u>	<u>1,715</u>	<u>(1,785)</u>
Total	<u>\$ 1,391,222</u>	<u>\$ 1,365,383</u>	<u>\$ (25,839)</u>

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,941,226	\$ 1,680,678	\$ 260,548
Permanent	<u>51,400</u>	<u>39,498</u>	<u>11,902</u>
Total	<u>\$ 1,992,626</u>	<u>\$ 1,720,176</u>	<u>\$ 272,450</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - BUDGETARY ACTIVITY - (Continued)

Contrary to Ohio law, appropriations exceeded estimated resources by \$494,836 in the general fund for the year ended December 31, 2011.

NOTE 3 - REAL ESTATE CONVEYANCE FEES

In 2003, the Butler County Board of Commissioners raised the County's property conveyance fee and approved an allocation to MetroParks from the revenue generated from the increased fee. The allocation, which amounts to \$0.04 per \$100 valuation on transferred real estate, for the purpose of funding capital improvement work and land acquisition in the park system.

Per resolution of the County Board of Commissioners in 2010, the County Auditor shall calculate the amount of real property transfer tax collected, and based on the percentage of 13.33% (.04/.30) shall transfer this percentage of real property transfer tax collected monthly to the Butler County MetroParks Fund 6100 (General Fund) from the Butler County General Fund.

These transfers of property conveyance fees are classified as County Contributions on the financial statements. The County discontinued this transfer for the year ended December 31, 2011.

NOTE 4 - DEBT

At December 31, 2011 and December 31, 2010, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2011</u>	<u>Balance at 12/31/2010</u>
PNC Special Revenue Bonds, Series 2008 to refinance Old Hueston Farm debt due in monthly installments of \$9,952 through 2018, with a final payment of \$528,100, bearing interest of 5.65%.	\$1,026,121	\$1,085,731
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.	<u>413,116</u>	<u>450,672</u>
Total	<u>\$1,439,237</u>	<u>\$1,536,403</u>

In September 2006, the Butler County Commissioners issued a \$17,500,000 Various Purpose General Obligation bond. Included in the issuance was \$4,585,000 for construction of the MetroParks lodge and lake facility. The bonds were the full general obligation of Butler County and are backed by the full faith and credit of the County. The District had agreed to repay their portion of the debt service on the bonds from the money it received from the real estate conveyance fees (See Note 3). At December 31, 2010, the principal balance of the District's portion was \$4,265,000, following a principal payment of \$130,000 during 2010. During 2011, Butler County Commissioners resolved to discontinue payments of the conveyance fees. In turn, the District was released of its obligation of the District's portion of the debt.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 - DEBT - (Continued)

Transactions for the years ended December 31, 2011 and December 31, 2010 are summarized as follows:

<u>2011</u>	<u>Balance at</u> <u>12/31/2010</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/2011</u>
PNC Special Revenue Bonds - 2008	\$ 1,085,731	\$ -	\$ (59,610)	\$ 1,026,121
Stander Trust General Obligation Notes - 2003	<u>450,672</u>	<u>-</u>	<u>(37,556)</u>	<u>413,116</u>
Total	<u>\$ 1,536,403</u>	<u>\$ -</u>	<u>\$ (97,166)</u>	<u>\$ 1,439,237</u>
<u>2010</u>	<u>(Restated)</u> <u>Balance at</u> <u>12/31/2009</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/2010</u>
PNC Special Revenue Bonds - 2008	\$ 1,142,071	\$ -	\$ (56,340)	\$ 1,085,731
Stander Trust General Obligation Notes - 2003	<u>488,228</u>	<u>-</u>	<u>(37,556)</u>	<u>450,672</u>
Total	<u>\$ 1,630,299</u>	<u>\$ -</u>	<u>\$ (93,896)</u>	<u>\$ 1,536,403</u>

The Strander Trust General Obligation Notes - 2003 is being restated to properly report its ending balance at December 31, 2009.

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2011, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>2008</u>		<u>2003</u>		<u>Totals</u>	
	<u>PNC Special Revenue Bonds</u> <u>Principal</u>	<u>Interest</u>	<u>Stander Trust General Obligation Notes</u> <u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 61,906	\$ 57,518	\$ 37,556	\$ -	\$ 99,462	\$ 57,518
2013	65,714	53,710	37,556	-	103,270	53,710
2014	69,579	49,845	37,556	-	107,135	49,845
2015	73,671	45,753	37,556	-	111,227	45,753
2016	77,881	41,543	37,556	-	115,437	41,543
2017 - 2021	677,370	66,387	187,780	-	865,150	66,387
2022	<u>-</u>	<u>-</u>	<u>37,556</u>	<u>-</u>	<u>37,556</u>	<u>-</u>
Totals	<u>\$ 1,026,121</u>	<u>\$ 314,756</u>	<u>\$ 413,116</u>	<u>\$ -</u>	<u>\$ 1,439,237</u>	<u>\$ 314,756</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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.

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

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

NOTE 6 - RETIREMENT SYSTEMS

Retirement Rates	Year	Member Rate	Employer Rate
PERS - Local	2010-2011	10%	14%

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% and 10%, respectively, of their gross salaries and the District contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Risk Pool Membership

For 2009, the District belonged to 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 was legally separate from its member governments.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 - RISK MANAGEMENT - (Continued)

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The District does participate in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The District does not participate in this coverage.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 7 - RISK MANAGEMENT - (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

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

NOTE 8 - INTERFUND ACTIVITY

The District had the following transfer for the year ended December 31, 2011:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,500,000
<u>Capital Projects Fund</u>		
Capital Projects	1,500,000	-
Total	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

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



Julian & Grube, Inc.

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

MetroParks of Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

We have audited the financial statements of the MetroParks of Butler County, Butler County, Ohio, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 27, 2012, wherein we noted the MetroParks of Butler County prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 1, the MetroParks of Butler County adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the MetroParks of Butler County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the MetroParks of Butler County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the MetroParks of Butler County's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the MetroParks of Butler County's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of the Board of Park Commissioners
MetroParks of Butler County

Compliance and Other Matters

As part of reasonably assuring whether the MetroParks of Butler County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-MOBC-001 and 2011-MOBC-002.

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

We intend this report solely for the information and use of the Board of Park Commissioners, management and others within the MetroParks of Butler County. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.
August 27, 2012

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

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2011-MOBC-001

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The District had appropriations exceeding estimated resources in the General fund and thus did not request timely amended certificates throughout the year and at year end.

By not timely and properly modifying estimated resources, the District may base their appropriations on estimated resources that are not up-to-date. This could possibly lead to appropriations in excess of estimated resources, which could lead to negative fund balances.

We recommend the District review monthly its latest certificate of estimated resources and compare it to appropriations to ensure that estimated resources are sufficient to cover appropriations, and if not, modify estimated resources and/or appropriations as necessary. We recommend that the District utilize its accounting software to assist in monitoring its budgetary compliance.

Client Response: The District will request that the Fiscal Officer (Butler County Auditor) review available resources throughout the year and file amended certificates when necessary.

Finding Number	2011-MOBC-002
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Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund shall not exceed the total estimated resources.

The District had appropriations in excess of estimated resources, which consists of final estimated revenues and beginning unencumbered fund balance, in the following fund at December 31, 2011:

Fund Name	Appropriations	Estimated Resources	Excess
General Fund	\$ 5,350,637	\$ 4,855,801	\$ 494,836

With appropriations exceeding estimated resources, the District is appropriating monies that are not in the treasury, in the process of collection, or have been certified with the County Auditor. Thus, over appropriating may lead to unnecessary expenditures and cause a deficit fund balance.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: This finding resulted from a fund to fund transfer made at the end of the financial year of \$1,500,000. The funds transferred were not appropriated in the fund to which they were transferred. The District will recognize transfers-out as the equivalent of appropriations in the future.



Dave Yost • Auditor of State

METROPARKS OF BUTLER COUNTY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 20, 2012