



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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FIVE RIVERS METROPARKS
MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2012
Fiscal Year Audited Under GAGAS: 2012



Dave Yost • Auditor of State

Board of Commissioners
Five Rivers MetroParks
409 E. Monument Avenue
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of the Five Rivers MetroParks, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Auditor's 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 Auditor's 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 Five Rivers MetroParks is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 17, 2013

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Five Rivers MetroParks
Montgomery County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2012

Title	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2012.....	3
Notes to the Financial Statements	4
Schedule of Expenditures of Federal Awards.....	11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	14
Schedule of Findings-OMB Circular A-133 § .505	16

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Independent Auditor's Report

Five Rivers MetroParks
409 East Monument Avenue
Dayton, OH 45402

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Five Rivers MetroParks, Montgomery County, (the MetroParks) as of and for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the MetroParks prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the MetroParks as of December 31, 2012, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Five Rivers MetroParks, Montgomery County as of December 31, 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of the MetroParks' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MetroParks internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
May 3, 2013

Five Rivers MetroParks
*Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2012*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
Cash Receipts:				
Levy Funds	\$ 14,429,709	\$ -	\$ -	\$ 14,429,709
Intergovernmental Revenue	3,489,572	683,157	34,236	4,206,965
Charges for Services	524,795	13,000	-	537,795
Investment Income	183,920	85	-	184,005
Gifts and Donations	-	438,990	-	438,990
Miscellaneous	287,499	3,723	-	291,222
Total Cash Receipts	18,915,495	1,138,955	34,236	20,088,686
Cash Disbursements:				
Current:				
Salaries and Benefits	11,727,937	31,223	-	11,759,160
Supplies	1,000,549	9,065	-	1,009,614
Contracts	1,065,212	-	-	1,065,212
Intergovernmental	468,297	-	-	468,297
Other Disbursements	2,764,960	56,147	-	2,821,107
Capital Outlay	693,139	1,382,152	2,298,625	4,373,916
Total Cash Disbursements	17,720,094	1,478,587	2,298,625	21,497,306
Total Cash Receipts Under Cash Disbursements	1,195,401	(339,632)	(2,264,389)	(1,408,620)
Other Financing Receipts (Disbursements):				
Transfers In	-	194,293	389,525	583,818
Transfers Out	(583,818)	-	-	(583,818)
Advance In	-	829,775	-	829,775
Advance Out	(829,775)	-	-	(829,775)
Sale of Asset	38,574	-	-	38,574
Insurance Proceeds	24,169	-	-	24,169
Total Other Financing Receipts (Disbursements)	(1,350,850)	1,024,068	389,525	62,743
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(155,449)	684,436	(1,874,864)	(1,345,877)
Fund Cash Balances, January 1	9,032,517	1,157,583	2,869,551	13,059,651
Restricted	-	1,828,290	-	1,828,290
Committed	-	13,729	994,687	1,008,416
Assigned	786,470	-	-	786,470
Unassigned (Deficit)	8,090,598	-	-	8,090,598
Fund Cash Balances, December 31	\$ 8,877,068	\$ 1,842,019	\$ 994,687	\$ 11,713,774

The notes to the financial statements are an integral part of this statement.

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accountings Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Five Rivers MetroParks, Montgomery County, (the MetroParks) as a body corporate and politic. The probate judge of Montgomery County appoints a three-member Board of Commissioners to govern the MetroParks. 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, protect, and promote the use of these assets conducive to the general welfare.

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

B. Accounting Basis

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 MetroParks 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. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The MetroParks had the following significant Special Revenue Funds:

State and Local Grants Fund – This fund receives proceeds from state agencies and donations. These proceeds are mainly used for capital projects and maintenance of the MetroParks capital items.

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accountings Policies (Continued)

2. Special Revenue Funds (continued)

Federal Fund – This fund was established for the purpose of paying expenditures and recording revenues for federal programs.

RiverScape Replacement Reserve Fund – This fund receives proceeds from various local governments. These proceeds are used to reimburse MetroParks for large expenses at RiverScape MetroPark.

3. Capital Projects Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The MetroParks had the following significant Capital Projects Fund:

Five Rivers MetroParks Capital (Construction) Fund – This fund receives proceeds from General Fund transfers. The proceeds are being used to fund various park capital projects.

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 object level of control, and appropriations may not exceed estimated resources. The MetroParks 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 MetroParks to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2012 budgetary activity appears in Note 3.

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accountings Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the MetroParks must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The MetroParks 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

Commissioners can *commit* amounts via formal action (resolution). The MetroParks must adhere to those commitments unless the Commissioners amend 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 MetroParks Commissioners or a MetroParks 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 the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant and Equipment

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

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accountings Policies (Continued)

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.

2. Budgetary Activity

Budgetary activity for the year ended December 31, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,596,049	\$18,978,238	\$382,189
Special Revenue	6,910,413	2,163,023	(4,747,390)
Capital Projects	423,761	423,761	0
Total	\$25,930,223	\$21,565,022	(\$4,365,201)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,690,869	\$19,920,157	\$1,770,712
Special Revenue	3,320,606	3,320,606	0
Capital Projects	2,516,348	2,516,348	0
Total	\$27,527,823	\$25,757,111	\$1,770,712

3. 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 February 18. If the property owner elects to pay semiannually, the first half is due February 18. The second half payment is due the following June 15.

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

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

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

4. Retirement Systems

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2012</i>	<i>10%</i>	<i>14%</i>
<i>PERS – Law Enforcement</i>	<i>2012</i>	<i>12.10%</i>	<i>18.10%</i>

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

The Ohio Revised Code also prescribes contribution rates. For 2012, OPERS members in classifications other than law enforcement contributed 10.00% of their gross salaries. Members in law enforcement classifications, which consists generally of park rangers, contributed 12.10% of their gross salaries in 2012. The MetroParks contributed an amount equal to 14.00% of participants’ gross salaries for members other than law enforcement. The MetroParks contributed an amount equal to 18.10% of participants’ gross salaries for members of law enforcement. The MetroParks has paid all contributions required through December 31, 2012.

5. Risk Management

Risk Pool Membership

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

The MetroParks insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The MetroParks belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

5. Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	2011	2010
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Retained Earnings	\$19,175,131	\$20,631,198

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the MetroParks' share of these unpaid claims collectible in future years is approximately \$131,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2010	\$239,880
2011	\$178,728
2012	\$195,526

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. Contingent Liabilities

The MetroParks is defendant in two lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the MetroParks's financial condition.

Amounts grantor agencies pay to the MetroParks are subject to audit and adjustment by the grantor, principally the federal government. 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.

Five Rivers MetroParks
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2012

7. Fund Balance

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the General Fund, Special Revenue Funds and Capital Outlay Fund for the year ended December 31, 2012 are presented as follows:

	General Fund	Special Revenue Funds	Capital Outlay Funds	Total Governmental Funds
<i>Fund Balance</i>				
Restricted for				
Federal Fund	\$0	\$1,221,946	\$0	\$1,221,946
State & Local Grants Fund	0	558,783	0	558,783
Law Enforcement Fund	0	32,106	0	32,106
Federal Equitable Spending	0	4,064	0	4,064
State Forfeitures	0	11,391	0	11,391
Total Restricted	0	1,828,290	0	1,828,290
Committed				
Riverscape Replacement Fund	0	687	0	687
Wetland Mitigation Bank Fund	0	13,042	0	13,042
Construction Fund	0	0	994,687	994,687
Total Committed	0	13,729	994,687	1,008,416
Assigned				
Other Purposes	786,470	0	0	786,470
Unassigned (Deficit)	8,090,598	0	0	8,090,598
Total Fund Balances	\$8,877,068	\$1,842,019	\$994,687	\$11,713,774

8. Interfund Activity

The following is a summary of the interfund activity for the for the year ended December 31, 2012.

	Transfers In	Transfers Out	Advance In	Advance Out
General Fund	\$0	\$583,818	\$0	\$829,775
Special Revenues Fund	194,293	0	829,775	0
Capital Fund	389,525	0	0	0
Total	\$583,818	\$583,818	\$829,775	\$829,775

Transfers were made from the General Fund to the Capital Projects Fund and the State and Local Grant Fund to stabilize these funds.

An advance was made from the General Fund to the Federal Fund in order to cover contract expenses relating to the Mad River Run Project. The Federal Fund is expected to be reimbursed for contract expenses through the Highway Planning and Construction grant from the United States Department of Transportation. Once the fund is reimbursed, a return advance will be made to the General Fund.

Five Rivers MetroParks
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
United States Department of Agriculture			
<i>Passed through Ohio Department of Education</i>			
Child and Adult Care Food Program	3L80	10.558	\$ 29,104
Summer Food Service Program for Children	3L60	10.559	<u>11,332</u>
Total United States Department of Agriculture			<u>40,436</u>
United States Department of Transportation			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 77848	20.205	469,355
Highway Planning and Construction	PID 83842	20.205	354,781
Total United States Department of Transportation			<u>824,136</u>
United States Environmental Protection Agency			
<i>Passed through Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Grants	3F5	66.460	<u>28,019</u>
Total United States Environmental Protection Agency			<u>28,019</u>
Total Federal Financial Assistance			<u><u>\$ 892,591</u></u>

NA - Not Available

Notes to the Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies

The Accompanying Schedule of Expenditures of Federal Awards summarizes activity of the MetroParks federal award programs. The Schedule has been prepared on the cash basis of accounting.



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

Five Rivers MetroParks
409 East Monument Avenue
Dayton, OH 45402

To the Board of 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 financial statements of Five Rivers MetroParks, Montgomery County, (the MetroParks) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2013, wherein we noted the MetroParks followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the MetroParks' 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 MetroParks' internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
May 3, 2013



Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Five Rivers MetroParks
409 East Monument Avenue
Dayton, OH 45402

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Five Rivers MetroParks, Montgomery County, Ohio (the MetroParks) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Five Rivers MetroParks' major federal program for the year ended December 31, 2012. The *Summary of Audit Results* section of the accompanying schedule of findings identifies the MetroParks' major federal program.

Management's Responsibility

The MetroParks' Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the MetroParks' compliance for each of the MetroParks' major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the MetroParks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the MetroParks' major program. However, our audit does not provide a legal determination of the MetroParks' compliance.

Opinion on the Major Federal Program

In our opinion, the MetroParks complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The MetroParks' management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the MetroParks' internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the MetroParks' internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
May 3, 2013

**Five Rivers MetroParks
Montgomery County, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction, CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Five Rivers MetroParks
Montgomery County, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2012**

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

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted

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Dave Yost • Auditor of State

FIVE RIVERS METRO PARKS

MONTGOMERY 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
JULY 30, 2013**