



Dave Yost • Auditor of State

ERIE METROPARKS
ERIE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Erie MetroParks
Erie County
3910 Perkins Avenue
Huron, Ohio 44839-1059

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Erie MetroParks, Erie County, Ohio (the MetroPark) as of and for the years ended December 31, 2014 and 2013.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 MetroPark'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 MetroPark's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the MetroPark 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the MetroPark does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 MetroPark as of December 31, 2014 and 2013, or changes in financial position thereof for the years 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 Erie MetroParks, Erie County, Ohio as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2015, on our consideration of the MetroPark'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 MetroPark's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

April 22, 2015

**ERIE METROPARKS
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>General</u> | <u>Debt Service</u> | <u>Totals (Memorandum Only)</u> |
|---|--------------------|-------------------------|---|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$1,317,175 | | \$1,317,175 |
| Intergovernmental | 513,914 | | 513,914 |
| Earnings on Investments | 957 | | 957 |
| Gifts and Donations | 7,399 | | 7,399 |
| Fees | 56,326 | | 56,326 |
| Sales | 5,252 | | 5,252 |
| Rentals and Leases | 18,823 | | 18,823 |
| Miscellaneous | 40,858 | | 40,858 |
| <i>Total Cash Receipts</i> | <u>1,960,704</u> | | <u>1,960,704</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Salaries - Employees | 645,294 | | 645,294 |
| Supplies and Materials | 54,913 | | 54,913 |
| Contracts - Repair | 15,636 | | 15,636 |
| Contracts - Services | 248,780 | | 248,780 |
| Rentals | 7,621 | | 7,621 |
| Advertising and Printing | 21,065 | | 21,065 |
| Travel | 9,587 | | 9,587 |
| Ohio Public Employee's Retirement | 90,968 | | 90,968 |
| Workers' Compensation | 10,157 | | 10,157 |
| Unemployment Compensation | 8,812 | | 8,812 |
| Other Fringe Benefits | 127,420 | | 127,420 |
| Program Expenditures | 4,913 | | 4,913 |
| Utilities | 40,600 | | 40,600 |
| Other Expenses | 57,424 | | 57,424 |
| Capital Outlay | 251,289 | | 251,289 |
| Debt Service: | | | |
| Principal Retirement | | \$89,000 | 89,000 |
| Interest and Fiscal Charges | | 17,354 | 17,354 |
| <i>Total Cash Disbursements</i> | <u>1,594,479</u> | <u>106,354</u> | <u>1,700,833</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>366,225</u> | <u>(106,354)</u> | <u>259,871</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | | 106,354 | 106,354 |
| Transfers Out | (106,354) | | (106,354) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(106,354)</u> | <u>\$106,354</u> | |
| <i>Net Change in Fund Cash Balances</i> | 259,871 | | 259,871 |
| <i>Fund Cash Balances, January 1</i> | <u>882,356</u> | | <u>882,356</u> |
| Fund Cash Balances, December 31 | | | |
| Unassigned | <u>\$1,142,227</u> | | <u>\$1,142,227</u> |

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

**ERIE METROPARKS
ERIE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | General | Special Revenue | Debt Service | Totals (Memorandum Only) |
|---|------------------|----------------------------|-------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$1,311,603 | | | \$1,311,603 |
| Intergovernmental | 405,840 | | | 405,840 |
| Earnings on Investments | 828 | | | 828 |
| Gifts and Donations | 19,453 | | | 19,453 |
| Fees | 52,555 | | | 52,555 |
| Sales | 11,277 | | | 11,277 |
| Rentals and Leases | 28,264 | | | 28,264 |
| Miscellaneous | 68,922 | | | 68,922 |
| <i>Total Cash Receipts</i> | <u>1,898,742</u> | | | <u>1,898,742</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Salaries - Employees | 631,631 | | | 631,631 |
| Supplies and Materials | 54,689 | \$15,000 | | 69,689 |
| Contracts - Repair | 53,620 | | | 53,620 |
| Contracts - Services | 259,657 | 3,000 | | 262,657 |
| Grants | 19,904 | | | 19,904 |
| Rentals | 7,534 | | | 7,534 |
| Advertising and Printing | 40,171 | | | 40,171 |
| Travel | 8,738 | | | 8,738 |
| Ohio Public Employee's Retirement | 92,840 | | | 92,840 |
| Workers' Compensation | 13,322 | | | 13,322 |
| Unemployment Compensation | 7,709 | | | 7,709 |
| Other Fringe Benefits | 104,739 | | | 104,739 |
| Program Expenditures | 2,007 | | | 2,007 |
| Utilities | 37,482 | | | 37,482 |
| Other Expenses | 14,269 | 1,000 | | 15,269 |
| Capital Outlay | 223,400 | 21,727 | | 245,127 |
| Debt Service: | | | | |
| Principal Retirement | | | \$89,000 | 89,000 |
| Interest and Fiscal Charges | | | 19,840 | 19,840 |
| <i>Total Cash Disbursements</i> | <u>1,571,712</u> | <u>40,727</u> | <u>108,840</u> | <u>1,721,279</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>327,030</u> | <u>(40,727)</u> | <u>(108,840)</u> | <u>177,463</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Transfers In | | | 108,840 | 108,840 |
| Transfers Out | (108,840) | | | (108,840) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(108,840)</u> | | <u>\$108,840</u> | |
| <i>Net Change in Fund Cash Balances</i> | 218,190 | (40,727) | | 177,463 |
| <i>Fund Cash Balances, January 1</i> | <u>664,166</u> | <u>\$40,727</u> | | <u>704,893</u> |
| Fund Cash Balances, December 31 | | | | |
| Unassigned | <u>\$882,356</u> | | | <u>\$882,356</u> |

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

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Erie MetroParks, Erie County, Ohio (the MetroPark) as a body corporate and politic. The probate judge of Erie County appoints a three-member Board of Commissioners to govern the MetroPark. 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 MetroPark participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization provides property and casualty coverage for its members.

The MetroPark participates in the North Coast Regional Council of Park Districts, a jointly governed organization. Note 9 to the financial statements provide additional information for this entity. This organization was formed in part to designate sites within the jurisdiction of the members of the council to be acquired, improved, restored, enhanced, administered and/or preserved.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The MetroPark 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Fund Accounting

The MetroPark uses fund accounting to segregate cash that is restricted as to use. The MetroPark 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.

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are committed to expenditure for specified purposes other than debt service. The MetroPark had the following significant Special Revenue Fund:

Donations Fund – This fund receives donations to support various MetroPark programs and activities.

3. Debt Service Funds

These funds account for and report financial resources that are assigned to expenditure for principal and interest. The MetroPark had the following significant Debt Service Fund:

Bond Retirement Fund – This fund receives General Fund transfers for the payment of principal and interest on the Judgment Bond.

D. Budgetary Process

The Ohio Revised Code requires 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 MetroPark Board must annually approve appropriation measures and subsequent amendments.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the MetroPark to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Nonspendable

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

The MetroPark 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 MetroPark must adhere to these 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 MetroPark Commissioners or a MetroPark 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 MetroPark 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. Property, Plant, and Equipment

The MetroPark 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.

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS

The MetroPark maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

| | 2014 | 2013 |
|--|-------------|-----------|
| Demand deposits | \$127,138 | \$145,344 |
| Other time deposits (savings accounts) | 1,015,089 | 737,012 |
| Total deposits | \$1,142,227 | \$882,356 |

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the MetroPark.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|--------------|----------------------|--------------------|----------|
| General | \$1,931,768 | \$1,960,704 | \$28,936 |
| Debt Service | 106,400 | 106,354 | (46) |
| Total | \$2,038,168 | \$2,067,058 | \$28,890 |

2014 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|--------------|----------------------------|---------------------------|-----------|
| General | \$1,902,707 | \$1,700,833 | \$201,874 |
| Debt Service | 106,400 | 106,354 | 46 |
| Total | \$2,009,107 | \$1,807,187 | \$201,920 |

2013 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|--------------|----------------------|--------------------|------------|
| General | \$1,986,386 | \$1,898,742 | (\$87,644) |
| Debt Service | 108,840 | 108,840 | |
| Total | \$2,095,226 | \$2,007,582 | (\$87,644) |

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,928,348 | \$1,680,552 | \$247,796 |
| Special Revenue | 40,727 | 40,727 | |
| Debt Service | 108,840 | 108,840 | |
| Total | \$2,077,915 | \$1,830,119 | \$247,796 |

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

| | Principal | Interest Rate |
|----------------|-----------|---------------|
| Judgment Bonds | \$533,000 | 2.79% |

The MetroPark issued judgment bonds to finance the final judgment in the Huron River Greenway litigation. The bonds will be paid in annual installments, including interest, over a period of nine years. The bonds are collateralized by all legally available funds of the MetroPark. The interest rate on the bonds is subject to change every three years

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | Judgment Bonds |
|--------------------------|-------------------|
| 2015 | \$103,871 |
| 2016 | 101,388 |
| 2017 | 98,905 |
| 2018 | 96,421 |
| 2019 | 93,938 |
| 2020 | 90,455 |
| Total | \$584,978 |

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RETIREMENT SYSTEM

The MetroPark's full time certified park managers and rangers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System – General (OPERS-G). 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 2014 and 2013, OPERS-LE members contributed 13 and 12.6%, respectively, of their gross salaries and the MetroPark contributed an amount equaling 18.1% of participants' gross salaries. For 2014 and 2013, OPERS-G members contributed 10% of their gross salaries and the MetroPark contributed an amount equaling 14% of participants' gross salaries. The MetroPark has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Risk Pool Membership

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

The MetroPark insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The MetroPark 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, 2013, PEP retained \$350,000 for casualty claims and \$100,000 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

| | <u>2012</u> | <u>2013</u> |
|--------------|---------------------|---------------------|
| Assets | \$34,389,569 | \$34,411,883 |
| Liabilities | <u>(14,208,353)</u> | <u>(12,760,194)</u> |
| Net Position | <u>\$20,181,216</u> | <u>\$21,651,689</u> |

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the MetroPark's share of these unpaid claims collectible in future years is approximately \$39,000.

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.

| <u>Contributions to PEP</u> | | |
|-----------------------------|-------------|-------------|
| <u>2014</u> | <u>2013</u> | <u>2012</u> |
| \$47,093 | \$45,333 | \$46,290 |

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.

8. INTERFUND TRANSACTIONS

During 2014 the following transfers were made:

| | Transfers |
|----------------------|--------------------------|
| Transfers To | From General Fund |
| Bond Retirement Fund | \$106,354 |

During 2013 the following transfers were made:

| | Transfers |
|----------------------|--------------------------|
| Transfers To | From General Fund |
| Bond Retirement Fund | \$108,840 |

**ERIE METROPARKS
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. JOINTLY GOVERNED ORGANIZATION

The North Coast Regional Council of Park Districts was established on July 8, 1998, under Ohio Revised Code 167 and is exempt from state sales tax and federal tax. The North Coast Regional Council of Park Districts (the Council) was formed in part to designate sites within the jurisdiction of the members of the Council to be acquired, improved, restored, enhanced, administered and/or preserved with funds received under the In Lieu Fee Agreement (ILFA). The ILFA allows the development of certain wetlands provided the developers contribute certain sums of money which are then used as described above. The Council is a jointly governed organization which currently includes Lorain County Metropolitan Park District, Erie Metropolitan Parks, Medina County Park District, Wood County Park District, and Sandusky County Park District. Each Member shall have two representatives on the Board, consisting of the appointed director of such member and the Chairman of the Board of Park Commissioners. The MetroPark made no contributions to the Council during 2014 and 2013. Financial statements can be obtained from Bonnie Burns, Treasurer at 12882 Diagonal Road, LaGrange, Ohio 44050.

10. CONTINGENT LIABILITIES

The MetroPark is defendant in several 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 MetroPark's financial condition.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Erie MetroParks
Erie County
3910 Perkins Avenue
Huron, Ohio 44839-1059

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 financial statements of Erie MetroParks, Erie County, Ohio, (the MetroPark) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 22, 2015 wherein we noted the MetroPark followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the MetroPark'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 MetroPark'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 MetroPark's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the MetroPark'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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 MetroPark's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the MetroPark's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 22, 2015

**ERIE METROPARKS
ERIE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Finding for Recovery Repaid Under Audit

Section 4.1.20.A of the Erie MetroParks Employee Guide, effective December 12, 2012, sets forth the guidelines for standardizing the administration of sick leave. Pursuant the procedures outlined, the MetroParks will pay employees for ¼ of the balance of their total accumulated sick leave at their current hourly or hourly equivalent rate of pay, not to exceed thirty (30) days or 240 hours, whichever is smaller, upon retirement.

During 2014 there was an error in calculating the payment of unused sick leave to retiring employee Charlene Margetiak. As a result, the employee was over-compensated as follows:

| | | |
|---|----------|-------------------|
| Hourly Rate | \$ 15.32 | |
| Maximum Leave Hours Subject to Severance | 82.50 | |
| Total Severance Amount Due | | \$ 1,264 |
| Gross Severance Paid to Employee | \$ 3,677 | |
| Less: Excess Tax Liability Withheld from Overpayment (A) | (773) | |
| Net Overpayment to Employee | | 2,904 |
| Total Overpayment to Employee | | <u>\$ (1,640)</u> |
| (A) = Employer share of withholdings refunded from remitter agencies. | | |

In accordance with foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Charlene Margetiak, in the amount of one thousand six hundred forty dollars (\$1,640), and in favor of the Erie MetroParks' General Fund.

Charlene Margetiak reimbursed the MetroParks through personal checks on December 1, 2014 (\$773) and March 18, 2015 (\$867).

Officials' Response:

We did not receive a response from Officials to this finding.

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ERIE METROPARKS
ERIE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2014

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2012-001 | Material weakness for the failure to accurately record various transactions and improve monitoring of financial activity. | Yes | |

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Dave Yost • Auditor of State

ERIE METROPARKS

ERIE 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
MAY 7, 2015**