



Dave Yost • Auditor of State

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet - Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	20
Notes to the Basic Financial Statements	21
Schedule of District's Proportionate Share of the Net Pension Liability – Last Two Years	51
Schedule of District Contributions – Last Three Years	52
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Schedule of Findings.....	55
Schedule of Prior Audit Findings.....	57

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mill Creek Metropolitan Park District
Mahoning County
7574 Columbiana-Canfield Road
P.O. Box 596
Canfield, Ohio 44406

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mill Creek Metropolitan Park District, Mahoning County, Ohio (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mill Creek Metropolitan Park District, Mahoning County, Ohio, as of December 31, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 1, 2016

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015

The discussion and analysis of the Mill Creek Metropolitan Park District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❑ Net position increased \$453,556, which represents a 3% increase from 2014.
- ❑ General revenues accounted for \$7,270,097 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,515,107 or 26% of total revenues of \$9,785,204.
- ❑ The District had \$9,331,648 in expenses related to governmental activities; only \$2,515,107 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted intergovernmental revenues) of \$7,270,097 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9,037,552 in revenues and \$8,539,033 in expenditures. The general fund's fund balance increased \$517,379 to \$2,066,257.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015***

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net-position is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the District's tax base and the condition of the District's capital assets.

The government-wide financial statements of the District are reported in the following category:

- *Governmental Activities* – All of the District's basic services are reported here, including administration, park operations, golf course operations and law enforcement. State and federal grants, property taxes and user fees finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015***

Government-Wide Financial Analysis

The following table provides a comparison of the District's net position at December 31, 2015 and 2014:

	Governmental Activities	
	Restated	
	2015	2014
Current and Other Assets	\$10,956,819	\$10,955,332
Capital Assets, Net	14,351,238	13,990,539
Total Assets	25,308,057	24,945,871
Deferred Outflows of Resources	763,418	564,746
Net Pension Liability	4,565,496	4,462,376
Long-Term Liabilities	399,809	396,069
Other Liabilities	433,236	709,958
Total Liabilities	5,398,541	5,568,403
Deferred Inflows of Resources	5,982,986	5,705,822
Net Position		
Net Investment in Capital Assets	14,351,238	13,990,539
Restricted	1,208,600	1,643,505
Unrestricted	(869,890)	(1,397,652)
Total Net Position	\$14,689,948	\$14,236,392

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net pension liability reduced beginning of year net position by \$3,897,630.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015**

Changes in Net Position – The following table provides the changes in net position for fiscal years 2015 and 2014:

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,697,234	\$1,569,356
Operating Grants and Contributions	240,845	332,641
Capital Grants and Contributions	577,028	396,068
Total Program Revenues	<u>2,515,107</u>	<u>2,298,065</u>
General Revenues:		
Property Taxes	5,729,485	5,675,372
Intergovernmental Revenue, Unrestricted	1,211,282	1,172,804
Investment Earnings	16,522	23,512
Miscellaneous	312,808	358,090
Total General Revenues	<u>7,270,097</u>	<u>7,229,778</u>
Total Revenues	<u>9,785,204</u>	<u>9,527,843</u>
Program Expenses		
Administration	1,589,287	1,621,443
Park Operations	5,711,679	6,203,555
Golf Course	1,094,819	1,123,858
Law Enforcement	935,863	966,608
Total Expenses	<u>9,331,648</u>	<u>9,915,464</u>
Change in Net Position	453,556	(387,621)
Beginning Net Position - Restated	<u>14,236,392</u>	NA
Ending Net Position - Restated	<u>\$14,689,948</u>	<u>\$14,236,392</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$564,746 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$504,471.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities
Total 2015 program expenses under GASB 68	\$9,331,648
Pension expense under GASB 68	(504,471)
2015 contractually required contribution	519,817
Adjusted 2015 program expenses	9,346,994
Total 2014 program expenses under GASB 27	<u>9,915,464</u>
Change in program expenses not related to pension	<u>(\$568,470)</u>

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

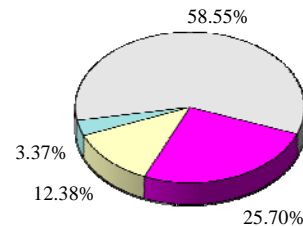
**Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015**

Governmental Activities

Net position of governmental activities increased \$453,556, or 3% during 2015. An increase in charges for services was the result of increased revenues generated by the field house and golf course. A 6% decrease in expenses can be attributed to an overall decrease in costs across all District functions.

Property taxes made up 59% of revenues for governmental activities for the District in fiscal year 2015. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2015	Percent of Total
Property Taxes	\$5,729,485	58.55%
Program Revenues	2,515,107	25.70%
Intergovernmental, Unrestricted	1,211,282	12.38%
General Other	329,330	3.37%
Total Revenue	<u>\$9,785,204</u>	<u>100.00%</u>



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

For the General Fund, original budgeted, final budgeted and actual budget basis revenues were not materially different. Original and final budgeted appropriations were not materially different. Actual budget basis expenditures were 7% less than final budget appropriations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$3,164,150, which is an increase from last year's balance of \$3,081,676. The schedule below indicates the fund balance and the total change in fund balance at December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$2,066,257	\$1,548,878	\$517,379
Replacement Reserve	1,090,811	1,530,392	(439,581)
Other Governmental	7,082	2,406	4,676
Total	<u>\$3,164,150</u>	<u>\$3,081,676</u>	<u>\$82,474</u>

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015

General Fund – The District's General Fund balance change is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Property Taxes	\$5,739,542	\$5,698,584	\$40,958
Intergovernmental Revenues	1,194,118	1,180,463	13,655
Fines and Forfeitures	13,908	12,758	1,150
Charges for Services	1,683,131	1,556,598	126,533
Donations	109,014	136,768	(27,754)
Investment Earnings	15,604	22,315	(6,711)
All Other Revenue	282,235	241,276	40,959
Total	\$9,037,552	\$8,848,762	\$188,790

General Fund revenues remained stable in 2015, increasing approximately 2% when compared to revenues in 2014. An increase in charges for services was the result of increased revenues generated by the field house and golf course.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Administration	\$1,581,999	\$1,659,205	(\$77,206)
Park Operations	5,009,400	5,473,697	(464,297)
Golf Course	1,021,190	1,134,696	(113,506)
Law Enforcement	926,444	958,214	(31,770)
Total	\$8,539,033	\$9,225,812	(\$686,779)

General Fund expenditures decreased \$686,779, or 7% when compared with the previous year. This decrease can be attributed to an overall decrease in costs across all District functions.

Replacement Reserve Fund – The Replacement Reserve Fund reported a decrease in fund balance of \$439,581, or 29%. Revenues and expenditures increased substantially due to Ohio Department of Transportation grants for West Golf Drive resurfacing and Phase 3 of the Bikeway Improvement Project, as well as Federal Transportation Alternative Program grants for repair and restoration of the Arch Bridges.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015***

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2015 the District had \$14,351,238 net of accumulated depreciation invested in land, land improvements, buildings and improvements, machinery and equipment and infrastructure. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$3,580,807	\$3,580,807	\$0
Construction In Progress	93,984	112,894	(18,910)
Land Improvements	2,368,594	2,192,758	175,836
Buildings and Improvements	15,550,824	15,328,372	222,452
Infrastructure	8,303,633	7,688,155	615,478
Machinery and Equipment	4,402,987	4,259,799	143,188
Less: Accumulated Depreciation	(19,949,591)	(19,172,246)	(777,345)
Totals	<u>\$14,351,238</u>	<u>\$13,990,539</u>	<u>\$360,699</u>

Land improvements consisted of improvements at Lily Pond as well as tennis court resurfacing. Improvements to Yellow Creek Lodge as well as farm building improvements resulted in the increase in buildings and improvements. Infrastructure additions were comprised of West Golf Drive resurfacing and Phase 3 of the Bikeway Improvement Project, as well as repair and restoration of the Arch Bridges. Machinery and equipment additions consisted of two mowers, a maintenance truck and a law enforcement truck.

Additional information on the District's capital assets can be found in Note 7.

Debt

The following table summarizes the District's noncurrent liabilities outstanding as of December 31, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
Compensated Absences	\$399,809	\$396,069
Net Pension Liability	4,565,496	4,462,376
Total Governmental Activities	<u>\$4,965,305</u>	<u>\$4,858,445</u>

Additional information on the District's long term liabilities can be found in Note 10.

***MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO***

***Management's Discussion and Analysis - Unaudited
For the Year Ended December 31, 2015***

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kevin Smith, Treasurer/Administrative Services Director, Mill Creek Metropolitan Park District, 7574 Columbiana-Canfield Road, P.O. Box 596, Canfield, Ohio 44406.

***MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO***

This Page Intentionally Left Blank

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Statement of Net Position
December 31, 2015

	Governmental Activities	Component Unit Mill Creek Foundation
Assets:		
Pooled Cash and Investments	\$ 2,924,999	\$ 0
Cash and Cash Equivalents	0	60,555
Investments	0	722,087
Receivables:		
Property Taxes	7,385,350	0
Accounts	27,544	0
Intergovernmental	618,926	0
Prepaid Items	0	1,817
Restricted Assets:		
Investments	0	870,335
Non-Depreciable Capital Assets	3,674,791	0
Depreciable Capital Assets, Net	10,676,447	0
Total Assets	25,308,057	1,654,794
Deferred Outflows of Resources:		
Pension:		
OPERS	763,418	0
Total Deferred Outflows of Resources	763,418	0
Liabilities:		
Accounts Payable	156,041	0
Accrued Wages and Benefits Payable	165,109	0
Intergovernmental Payable	1,901	0
Unearned Revenue	110,185	0
Noncurrent Liabilities:		
Due Within One Year	123,953	0
Due in More Than One Year:		
Net Pension Liability	4,565,496	0
Other Amounts Due in More Than One Year	275,856	0
Total Liabilities	5,398,541	0
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	5,902,780	0
Pension:		
OPERS	80,206	0
Total Deferred Inflows of Resources	5,982,986	0
Net Position:		
Net Investment in Capital Assets	14,351,238	0
Restricted For:		
Capital Projects	1,201,518	0
Other Purposes	7,082	0
Unrestricted (Deficit)	(869,890)	1,654,794
Total Net Position	\$ 14,689,948	\$ 1,654,794

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Statement Of Activities
For The Year Ended December 31, 2015**

	Program Revenues			
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Administration	\$ 1,589,287	\$ 0	\$ 0	\$ 0
Park Operations	5,711,679	868,159	234,354	577,028
Golf Course	1,094,819	814,972	0	0
Law Enforcement	935,863	14,103	6,491	0
Total Primary Government	\$ 9,331,648	\$ 1,697,234	\$ 240,845	\$ 577,028
Component Unit:				
Mill Creek Foundation	\$ 267,734	\$ 0	\$ 203,822	\$ 0

General Revenues:

Property Taxes
Intergovernmental Revenues, Unrestricted
Investment Earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated
Net Position End of Year

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

Net (Expense) Revenue and Changes in Net Position	Component Unit
Governmental Activities	Mill Creek Foundation
\$ (1,589,287)	
(4,032,138)	
(279,847)	
(915,269)	
\$ (6,816,541)	
	\$ (63,912)
5,729,485	0
1,211,282	0
16,522	(3,933)
312,808	11,017
7,270,097	7,084
453,556	(56,828)
14,236,392	1,711,622
\$ 14,689,948	\$ 1,654,794

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Balance Sheet
Governmental Funds
December 31, 2015**

	General	Replacement Reserve	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 1,755,189	\$ 1,165,163	\$ 4,647	\$ 2,924,999
Receivables:				
Property Taxes	7,385,350	0	0	7,385,350
Accounts	23,394	3,955	195	27,544
Intergovernmental	595,374	21,312	2,240	618,926
Total Assets	\$ 9,759,307	\$ 1,190,430	\$ 7,082	\$ 10,956,819
Liabilities:				
Accounts Payable	\$ 56,422	\$ 99,619	\$ 0	\$ 156,041
Accrued Wages and Benefits Payable	165,109	0	0	165,109
Intergovernmental Payable	1,901	0	0	1,901
Unearned Revenue	110,185	0	0	110,185
Compensated Absences Payable	3,440	0	0	3,440
Total Liabilities	337,057	99,619	0	436,676
Deferred Inflows of Resources:				
Unavailable Amounts	1,453,213	0	0	1,453,213
Property Tax Levy for Next Fiscal Year	5,902,780	0	0	5,902,780
Total Deferred Inflows of Resources	7,355,993	0	0	7,355,993
Fund Balances:				
Restricted	0	1,090,811	7,082	1,097,893
Assigned	1,292,483	0	0	1,292,483
Unassigned	773,774	0	0	773,774
Total Fund Balances	2,066,257	1,090,811	7,082	3,164,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,759,307	\$ 1,190,430	\$ 7,082	\$ 10,956,819

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2015***

Total Governmental Fund Balances	\$	3,164,150
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		14,351,238
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,453,213
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	763,418	
Deferred Inflows - Pension	(80,206)	
Net Pension Liability	(4,565,496)	(3,882,284)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable		(396,369)
<i>Net Position of Governmental Activities</i>	\$	<u>14,689,948</u>

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015**

	General	Replacement Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 5,739,542	\$ 0	\$ 0	\$ 5,739,542
Intergovernmental Revenues	1,194,118	371,838	6,491	1,572,447
Fines and Forfeitures	13,908	0	195	14,103
Charges for Services	1,683,131	0	0	1,683,131
Gas Royalties	0	50,060	0	50,060
Donations	109,014	174,108	0	283,122
Investment Earnings	15,604	918	0	16,522
All Other Revenue	282,235	11,595	0	293,830
Total Revenues	<u>9,037,552</u>	<u>608,519</u>	<u>6,686</u>	<u>9,652,757</u>
Expenditures:				
Current:				
Administration	1,581,999	0	0	1,581,999
Park Operations	5,009,400	0	0	5,009,400
Golf Course	1,021,190	0	0	1,021,190
Law Enforcement	926,444	0	2,010	928,454
Capital Outlay	0	1,154,580	0	1,154,580
Total Expenditures	<u>8,539,033</u>	<u>1,154,580</u>	<u>2,010</u>	<u>9,695,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	498,519	(546,061)	4,676	(42,866)
Other Financing Sources (Uses):				
Insurance Proceeds	18,860	106,480	0	125,340
Total Other Financing Sources (Uses)	<u>18,860</u>	<u>106,480</u>	<u>0</u>	<u>125,340</u>
Net Change in Fund Balance	517,379	(439,581)	4,676	82,474
Fund Balances at Beginning of Year	<u>1,548,878</u>	<u>1,530,392</u>	<u>2,406</u>	<u>3,081,676</u>
Fund Balances End of Year	<u>\$ 2,066,257</u>	<u>\$ 1,090,811</u>	<u>\$ 7,082</u>	<u>\$ 3,164,150</u>

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2015***

Net Change in Fund Balances - Total Governmental Funds \$ 82,474

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	1,143,822	
Depreciation Expense	(783,123)	360,699

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		7,107
--	--	-------

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		519,817
---	--	---------

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(504,471)
--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences		(12,070)

<i>Change in Net Position of Governmental Activities</i>		<u>\$ 453,556</u>
---	--	--------------------------

See accompanying notes to the basic financial statements

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 5,653,852	\$ 5,280,503	\$ 5,313,269	\$ 32,766
Intergovernmental Revenues	1,261,529	1,178,225	1,185,536	7,311
Fines and Forfeitures	12,196	11,390	11,461	71
Charges for Services	1,790,581	1,672,341	1,682,718	10,377
Investment Earnings	16,604	15,508	15,604	96
All Other Revenue	442,277	413,072	415,635	2,563
Total Revenues	9,177,039	8,571,039	8,624,223	53,184
Expenditures:				
Current:				
Administration	1,958,137	1,958,913	1,750,413	208,500
Park Operations	5,854,386	5,856,706	5,469,022	387,684
Golf Course	1,177,451	1,177,918	1,093,458	84,460
Law Enforcement	986,614	987,005	965,405	21,600
Total Expenditures	9,976,589	9,980,542	9,278,298	702,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	(799,550)	(1,409,503)	(654,075)	755,428
Fund Balance at Beginning of Year	1,560,916	1,560,916	1,560,916	0
Prior Year Encumbrances	355,570	355,570	355,570	0
Fund Balance at End of Year	\$ 1,116,936	\$ 506,983	\$ 1,262,411	\$ 755,428

See accompanying notes to the basic financial statements

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The constitution and laws of the State of Ohio Revised Code Section 1545 establish the rights and privileges of the Mill Creek Metropolitan Park District, Mahoning County, (the District) as a body corporate and politic. The probate judge of Mahoning County appoints a three member Board of Commissioners to govern the Park 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 reporting entity is comprised of the primary government, component units and other organizations that were included to ensure the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*," and GASB Statement No. 61, "*The Financial Reporting Entity - Omnibus*" in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District has one component unit, the Mill Creek Foundation.

Discretely Presented Component Unit - The component unit column in the government-wide financial statements includes the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District. The Mill Creek Foundation was created in March of 1979 and is operated exclusively for charitable and educational purposes, to wit, for the purpose of making capital improvements within the District. The Foundation is a tax exempt trust as determined by 501(c) (3) of the Internal Revenue Code. The Foundation operates under a 3 person Board consisting of the Park Board's President, a person selected by the Mahoning County Probate Judge and the third member appointed by these two members.

Financial information on the Foundation can be obtained by contacting James Rafoth, Mill Creek Foundation Treasurer at 330-758-0575 or jim@beardpension.com.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures/expenses.

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

Replacement Reserve Fund - The Replacement Reserve Fund is used to account for royalties generated by oil and gas leases and investment income restricted to be used for capital improvements.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

This space intentionally left blank

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and deferred outflows/inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes interest on investments and grants and entitlements. Other revenue, including fines, fees, sales, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2015 but which are not intended to finance 2015 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements. Revenues are recognized when they are earned and expenses are recognized when incurred.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All governmental funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund. Budgetary modifications may only be made by resolution of the District Board.

1. **Tax Budget**

The District Treasurer/Administrative Services Director submits an annual tax budget for the following fiscal year to the District Board of Commissioners by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year. This requirement is waived by the County Budget Commission.

2. **Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the District by September 1 of each year. As part of the certification process, the District receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2015.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 through December 31. The appropriation resolution establishes spending controls at object level within each fund, and may be modified during the year by resolution of the District Board of Commissioners. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level within each fund. The allocation of appropriations within a fund may be modified with the approval of the District Board Commissioners. During the year several supplemental appropriations measures were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$517,379
Increase (Decrease):	
Accrued Revenues at December 31, 2015 received during 2016	(648,125)
Accrued Revenues at December 31, 2014 received during 2015	105,751
Accrued Expenditures at December 31, 2015 paid during 2016	337,057
Accrued Expenditures at December 31, 2014 paid during 2015	(473,359)
Outstanding Encumbrances	(492,778)
Budget Basis	(\$654,075)

F. Cash and Investments

Cash and cash equivalents include amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). The amounts in STAR Ohio are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

The District invested funds in STAR Ohio during 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2015.

H. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, land improvements, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets, other than land and construction in progress, are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in Years)
Land Improvements	15 - 40
Buildings and Improvements	15 - 50
Infrastructure	10 - 30
Machinery and Equipment	5 - 15

I. Long-Term Obligations

Long-term liabilities are being repaid from the following fund:

Obligation	Fund
Compensated Absences	General Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority. For the District, these constraints consist of ordinances passed by the District Board of Commissioners. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the District, deferred outflows of resources are reported for pension amounts on the government-wide statement of net position. See Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. See Note 8.

This space intentionally left blank

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

In 2015 the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities
Net Position December 31, 2014	\$18,134,022
Adjustments:	
Net Pension Liability	(4,462,376)
Deferred Outflows - Payments Subsequent to Measurement Date	564,746
Restated Net Position December 31, 2014	\$14,236,392

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Replacement Reserve	Other Governmental Funds	Total Governmental Funds
Restricted:				
Capital Improvements	\$0	\$1,090,811	\$0	\$1,090,811
Law Enforcement	0	0	7,082	7,082
Total Restricted	0	1,090,811	7,082	1,097,893
Assigned:				
Budget Resource	858,029		0	858,029
Encumbrances	434,454	0	0	434,454
Total Assigned	1,292,483	0	0	1,292,483
Unassigned	773,774	0	0	773,774
Total Fund Balances	\$2,066,257	\$1,090,811	\$7,082	\$3,164,150

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District’s deposits was \$2,924,999 and the bank balance was \$3,015,853. The Federal Deposit Insurance Corporation (FDIC) covered \$2,137,407 of the bank balance, and \$878,446 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$878,446
Total Balance	\$878,446

B. Investments

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Component Unit

At year end the carrying amount of the Mill Creek Foundation's deposits was \$60,555, which was equal to the bank balance. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

The Mill Creek Foundation's investments at December 31, 2015 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>1-3 years</u>	<u>3-5 years</u>
US Money Market	\$100,834	AA+ ¹	\$100,834	\$0
Bond Mutual Funds	673,100	NA	673,100	0
Equity Mutual Funds	818,488	NA	818,488	0
Total Investments	<u>\$1,592,422</u>		<u>\$1,592,422</u>	<u>\$0</u>

¹ Standard & Poor's

This space intentionally left blank

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property located in the District. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Mill Creek Metropolitan Park District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended December 31, 2015 was \$1.75 per \$1,000 of assessed value. The assessed value upon which the 2015 levy was based was \$4,094,166,420. This amount constitutes \$3,852,153,350 in real property assessed value and \$242,013,070 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of one percent of assessed value without a vote of the people. Under current procedures, the District's share is .175% (1.75 mills) of assessed value.

This space intentionally left blank

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 6 - RECEIVABLES

Receivables at December 31, 2015 consisted of taxes, accounts and intergovernmental receivables.

NOTE 7 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2015:

<i>Historical Cost:</i>				
Class	2014	Additions	Deletions	2015
<i>Capital assets not being depreciated:</i>				
Land	\$3,580,807	\$0	\$0	\$3,580,807
Construction in Progress	112,894	93,984	(112,894)	93,984
Subtotal	3,693,701	93,984	(112,894)	3,674,791
<i>Capital assets being depreciated:</i>				
Land Improvements	2,192,758	175,836	0	2,368,594
Buildings and Improvements	15,328,372	228,230	(5,778)	15,550,824
Infrastructure	7,688,155	615,478	0	8,303,633
Machinery and Equipment	4,259,799	143,188	0	4,402,987
Total Cost	<u>\$33,162,785</u>	<u>\$1,256,716</u>	<u>(\$118,672)</u>	<u>\$34,300,829</u>
<i>Accumulated Depreciation:</i>				
Class	2014	Additions	Deletions	2015
Land Improvements	(\$1,267,325)	(\$77,452)	\$0	(\$1,344,777)
Buildings and Improvements	(8,342,710)	(328,789)	5,778	(8,665,721)
Infrastructure	(6,214,373)	(246,888)	0	(6,461,261)
Machinery and Equipment	(3,347,838)	(129,994)	0	(3,477,832)
Total Depreciation	<u>(\$19,172,246)</u>	<u>(\$783,123) *</u>	<u>\$5,778</u>	<u>(\$19,949,591)</u>
<i>Net Value:</i>	<u>\$13,990,539</u>			<u>\$14,351,238</u>

* Depreciation expenses were charged to governmental functions as follows:

Park Operations	\$705,505
Golf Course	68,213
Law Enforcement	9,405
Total Depreciation Expense	<u>\$783,123</u>

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local	Law Enforcement
2015 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
2015 Actual Contribution Rates		
Employer:		
Pension	12.0 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$519,817 for 2015. Of this amount, \$42,755 is reported as an intergovernmental payable.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	\$4,565,496
Proportion of the Net Pension Liability	0.037853%
Pension Expense	\$504,471

At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$243,601
District contributions subsequent to the measurement date	519,817
Total Deferred Outflows of Resources	\$763,418
Deferred Inflows of Resources	
Differences between expected and actual experience	\$80,206

\$519,817 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2016	\$23,892
2017	23,892
2018	54,710
2019	60,901
Total	\$163,395

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District’s proportionate share of the net pension liability	\$8,399,202	\$4,565,496	\$1,336,589

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed at a rate of 14.00% of covered payroll for all employees other than law enforcement and 18.10% for law enforcement employees, which was equal to the limits currently set by the ORC. Active members do not make contributions to the OPEB plan.

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The District's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$86,883, \$91,940 and \$46,155, respectively, which were equal to the required contributions for each year.

This space intentionally left blank

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 10 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended December 31, 2015 are as follows:

	Restated Balance December 31, 2014	Additions	Deductions	Balance December 31, 2015	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	\$396,069	\$122,185	(\$118,445)	\$399,809	\$123,953
Net Pension Liability:					
Ohio Public Employees Retirement System	4,462,376	103,120	0	4,565,496	0
Total Long-Term Obligations	<u>\$4,858,445</u>	<u>\$225,305</u>	<u>(\$118,445)</u>	<u>\$4,965,305</u>	<u>\$123,953</u>

NOTE 11 -RISK MANAGEMENT

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

The District 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. 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 York. 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, 2015, 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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 11 -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 net position at December 31, 2015 and 2014:

	2014	2015
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	\$23,038,920	\$25,548,550

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$142,025.

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

2014	\$218,781
2015	\$225,437

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of 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.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 11 -RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 12 -CONTINGENT LIABILITIES

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2015.

***MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO***

REQUIRED SUPPLEMENTAL INFORMATION

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Schedule of District's Proportionate Share of the Net Pension Liability
Last Two Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.037853%	0.037853%
District's proportionate share of the net pension liability (asset)	\$4,462,376	\$4,565,496
District's covered-employee payroll	\$4,807,438	\$4,706,217
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92.82%	97.01%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

Source: Treasurer and the Ohio Public Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY, OHIO**

***Schedule of District Contributions
Last Three Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$624,967	\$564,746	\$519,817
Contributions in relation to the contractually required contribution	<u>624,967</u>	<u>564,746</u>	<u>519,817</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$4,807,438	\$4,706,217	\$4,331,808
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%

Source: Treasurer and the Ohio Public Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.



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

Mill Creek Metropolitan Park District
Mahoning County
7574 Columbiana-Canfield Road
P.O. Box 596
Canfield, Ohio 44406

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 the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mill Creek Metropolitan Park District, Mahoning County, (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 1, 2016, in which we noted the District implemented Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68".

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

November 1, 2016

MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015

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

Finding Number	2015-001
----------------	----------

Material Weakness

AU-C Section 265 Communicating Internal Control Related Matters Identified in an Audit, establishes standards on communicating matters related to an entity's internal control as they apply to financial reporting.

Entities must have controls in place to ensure:

- The financial information submitted is accurate in all material respects and that all necessary disclosures were made.
- The internal control structure and procedures provide reasonable assurance as to the proper recording of financial transactions and balances.
- Management evaluated the effectiveness of the internal control structure over the financial information.

The Park District converted advances to transfers in 2014. However, in 2015, they failed to remove the interfund loan receivable and interfund loan payable from the balance sheet in the amount totaling \$110,707. The Park District did adjust the accompanying financials statements and notes to have the interfund loan receivable and interfund loan payable removed.

We recommend the Park District implement controls and procedures related to financial reporting that will enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Officials' Response:

Interfund loans receivable and payable are not reported on the entity wide statements, and as such, this adjustment had zero impact on the entity wide statement of net position and entity wide statement of activities.

On the fund basis statement, interfund loans receivable equal interfund loans payable. The Park District's assets and liabilities were high by \$110,707. However, this results in a zero net effect on total fund balance.

This was an oversight during the Generally Accepted Accounting Principles (GAAP) conversion process and was corrected immediately when discovered. Additional review procedures will be implemented to ensure a more thorough review of the converted figures.

This page intentionally left blank.

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	The District included Interfund Loan Receivable/Payable on the Balance Sheet when this amount was converted to a transfer in 2014. As such, no Interfund Loan Receivable/Payable should have been reported.	No	Repeat for the current audit, see Finding # 2015-001

This page intentionally left blank.



Dave Yost • Auditor of State

**MILL CREEK METROPOLITAN PARK DISTRICT
MAHONING 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 22, 2016**