Franklin Park Conservatory Joint Recreation District

Financial Report
with Supplementary Information
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

Finance Committee
Franklin Park Conservatory Joint Recreation District
1777 E. Broad Street
Columbus, Ohio 43203

We have reviewed the *Independent Auditor's Report* of the Franklin Park Conservatory Joint Recreation District, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 10, 2019

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Franklin Park Conservatory Joint Recreation District

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Independent Auditor's Report

To the Finance Committee
Franklin Park Conservatory Joint
Recreation District

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin Park Conservatory Joint Recreation District (the "Conservatory") as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Park Conservatory Joint Recreation District as of December 31, 2018 and 2017 and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Conservatory adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2018. Our opinion is not modified with respect to this matter.

To the Finance Committee
Franklin Park Conservatory Joint
Recreation District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Franklin Park Conservatory Joint Recreation District's basic financial statements. The combining schedule of revenues and expenses and statement of functional expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining schedule of revenues and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenues and expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statement of functional expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019 on our consideration of Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 19, 2019

Management's Discussion and Analysis (Unaudited)

The following unaudited Management's Discussion and Analysis (MD&A) section of the Franklin Park Conservatory Joint Recreation District's (the "Conservatory") financial report represents a discussion and analysis of the Conservatory's financial performance during the fiscal years ended December 31, 2018 and 2017. Please read it in conjunction with the Conservatory's financial statements, which follow this section. Franklin Park Conservatory Joint Recreation District is known publicly as Franklin Park Conservatory and Botanical Gardens.

Overview of the Financial Statements

The Conservatory accounts for all transactions under a single enterprise fund and the financial statements are prepared using proprietary fund (enterprise fund) accounting. Under this method of accounting, an economic resources measurement focus, and an accrual basis of accounting are used. Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Conservatory is improving or deteriorating.

The statement of revenue, expenses, and changes in net position reports the operating revenue and expenses and non-operating revenue and expenses of the Conservatory for the fiscal year with the difference being combined with any capital contributions to determine the change in net position for the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year's cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

The activities of the Friends of the Conservatory and Women's Sustaining Board are also included in the financial statements.

Operating Highlights

1. The Master Plan 2.0 capital campaign raised $23,741,525 exceeding the $22,000,000 target.
2. The final construction projects of Master Plan 2.0, the Children's Garden and Expanded Visitor Experience, were completed in May 2018.
3. Total visitor attendance reached 353,399 or a 57 percent increase over 2017. Children's attendance reached 83,078 or a 117 percent increase over 2017. Conservatory Aglow evening attendance reached 55,998 or a 463 percent increase over 2017. Earned revenue increased to 73 percent of total revenue.
4. Membership households reached 12,304 or a 49 percent increase over 2017. Access memberships for the economically disadvantaged increased from 302 to 837 or a 177 percent increase.
5. The Conservatory announced "Community Days" in May 2018, offering free attendance during the day to residents of the City of Columbus and Franklin County on the first Sunday of each month, which welcomed over 15,000 guests in the subsequent six months.
6. Community Outreach and Education programs expanded with the opening of a Discovery Station in the Scotts Miracle-Gro Foundation Children's Garden serving 11,000 children. An afterschool program, Green Stem, was started at the Columbus Preparatory School for Girls with a focus on STEM Education.

Table 1: Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources, and Net Position

The following summarizes the Conservatory's financial position as of December 31, 2018, 2017, and 2016 (000s omitted).

	2018	2017	2016
Assets			
Current Assets	$ 3,327	$ 5,533	$ 4,561
Capital Assets	31,535	30,275	26,177
Deferred Outflows of resources from Pension	1,544	2,649	1,776
Deferred Outflows of resouces from OPEB	230	-	-
Other Noncurrent Assets	1,819	2,194	2,062
Total Assets and Deferred Outflows of Resources	$38,455	$40,651	$34,576
Liabilities			
Current Liabilities	$ 2,602	$ 4,761	$ 3,256
Net Pension Liability	4,454	5,928	4,086
Net OPEB Liability	3,127	-	-
Notes Payable	2,351	1,467	2,159
Deferred Inflows of resources from Pension	1,050	39	84
Deferred Inflows of resources from OPEB	233	-	-
Other Noncurrent Liabilities	19	17	16
Total Liabilities and Deferred Inflows of Resources	$13,836	$12,212	$ 9,601
Net Position			
Net investment in capital assets	$28,283	$25,805	$22,136
Restricted net position	417	2,076	1,333
Unrestricted net position	(4,081)	558	1,506
Total net position	$24,619	$28,439	$24,975

Current Assets - The decrease in current assets from 2017 to 2018 is due to winding down of the capital campaign and construction completion of the Children's Garden and Expanded Visitor Experience. The increase in current assets from 2016 to 2017 is due to additional pledges.

Capital Assets - Capital assets, net of disposals and accumulated depreciation, increased $1,260,000 during 2018 and increased $4,098,000 during 2017.

The following items were capitalized:

- In 2018, Children's Garden, Expanded Visitor Experience,1720 E. Broad street purchase, food truck, catering van, HVAC upgrade, truck with snow plow, and atrium chairs.
- In 2017, barn cooler, catering dishwasher, additional Wells barn items, remaining atrium items, Palm House cooling fans, a new website, and a vehicle.

- In 2016, the atrium renovations and new east visitor entrance, remaining Wells barn items, a scissor lift, and a vehicle.

Depreciation on capital assets was $1,721,000 for 2018, $1,418,000 for 2017 and $1,344,000 for 2016.

Deferred Outflows/Inflows of Resources - Because of the implementation of GASB 68 in 2015, the Conservatory had a deferred outflow of resources of $1,544,000 in 2018, $2,649,000 in 2017 and $1,776,000 in 2016 and a deferred inflow of resources of $1,050,000 in 2018, $39,000 in 2017 and $84,000 in 2016. Also, because of the implementation of GASB Statement No. 75 in 2018, the Conservatory was required to record a deferred outflow of resources of $230,000 and deferred inflow of resources of $233,000 in 2018.

Other Noncurrent Assets – The decrease in long-term pledges in 2018 was due to the payment on pledges for the Master Plan 2.0 Capital Campaign. The receipt of long-term pledges for the Master Plan 2.0 Capital Campaign, at present value, was the significant factor in the increase in 2017; while payments on pledges in 2016 resulted in a decrease in long-term pledges receivable.

Current Liabilities - In 2016, the $700,000 line of credit on the Master Plan Phase One bonds was paid off and $200,000 was borrowed on the operating line of credit. In 2017, the $200,000 operating line of credit was paid off. In 2018, $500,000 was borrowed on the operating line of credit. Accounts payable and accrued expenses decreased by $528,000 in 2018, increased by $675,000 in 2017, and decreased by $276,000 in 2016. Unearned revenue and customer deposits decreased $28,000 in 2018, decreased $90,000 in 2017 and decreased $20,000 in 2016.

Net Pension Liability - Due to the implementation of GASB Statement No. 68 in 2015, the Conservatory is required to recognize accrued pension liability. Accrued pension liability of $1,474,000 was recorded in 2018, $1,842,000 was recorded in 2017, and $1,320,000 was recorded in 2016.

Net Other Postemployment Benefits (OPEB) Liability - Due to the implementation of GASB Statement No. 75 in 2018, the Conservatory is now required to recognize accrued OPEB liability. Accrued OPEB liability of $3,127,000 was recorded in 2018.

Notes Payable – In 2018, notes payable decreased primarily due to a payoff of a Trustee loan, a partial payoff of debt on the Children’s Garden loan, offset partially by a new bond for the purchase of additional office space at 1720 East Broad Street. In 2017, notes payable decreased primarily due to payoff of the Wells Barn and atrium loans, offset partially by new debt on a Children’s Garden loan. Notes payable decreased in 2016 primarily due to principal payments on the Wells Barn loans, offset partially by new debt on the atrium refresh and new east entrance project.

Other Noncurrent Liabilities – Other noncurrent liabilities include accrued compensated absences and reflect a slight increase.

Net Position - The largest portion of the Conservatory’s net position each year represents its investment in capital assets, less related debt outstanding used to acquire those capital assets. The Conservatory uses these assets to provide services to its visitors; consequently, these assets are not available for future spending.

Table 2: Operating Results and Changes in Net Position

The following schedule presents a summary of operating revenue for the fiscal years ended December 31, 2018, 2017, and 2016 (000s omitted).

	2018	2017	2016
General Admissions	$ 1,695	$ 1,203	$ 1,061
Membership	1,114	602	506
Gift shop sales	652	556	504
Facility rentals	3,132	3,247	2,992
Other	1,136	944	864
Total operating revenue	$ 7,729	$ 6,552	$ 5,927

Operating revenue increased by 18 percent from $6,552,000 to $7,729,000 from 2017 to 2018, reflecting the impact of the investment in the Children's Garden and Expanded Visitor Experience. Operating revenue increased 11 percent from $5,927,000 to $6,552,000 from 2016 to 2017, reflecting the impact of the investment in the Wells Barn and the atrium renovations. Additionally, admissions, memberships, gift shop, and café sales vary from year to year based on the timing of exhibits and how they resonate with the Conservatory's visitors. Facility rentals and other income help to stabilize total operating revenue.

Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended December 31, 2018, 2017, and 2016 (000s omitted).

	2018	2017	2016
Payroll, benefit, and taxes	$ 6,581	$ 6,070	$ 4,731
Cost of goods sold	837	805	715
Marketing	169	165	145
Operating supplies	1,376	1,032	848
Utilities	314	275	295
Rental expense	284	308	269
Facility expense	310	329	274
Office and banking	414	382	374
Contracted services and professional fees	1,441	1,012	1,045
Other expenses	669	532	495
Depreciation expense	1,721	1,418	1,343
Total operating expenses	$ 14,116	$ 12,328	$ 10,534

Total operating expenses increased 14 percent in 2018 due to the opening of the Children's Garden and the Expanded Visitor Experience. Total operating expenses increased 17 percent in 2017 due to additional activity including the Conservatory being open in the evenings in the month of December. Total operating expenses increased 12 percent in 2016 due to the additional activity resulting from the Wells Barn and renovated atrium.

Personnel costs increased 8 percent in 2018, 28 percent in 2017, and 17 percent in 2016; cost of living increases and increased staffing levels for additional activity were factors in the three fiscal years.

Cost of goods sold increased in 2018, 2017, and 2016 due to corresponding increase in gross sales in the gift shop and facility rentals. The increase in operating supplies in 2018, 2017, and 2016 was due to the addition of the Children's Garden, the Wells Barn and renovated atrium, additional community outreach and education programming, and increased horticulture contracts.

Facility expenses will fluctuate from year to year based on the maintenance needs of the buildings.

Nonoperating Revenue and Expenses

The following schedule presents a summary of nonoperating revenue and capital contributions for the fiscal years ended December 31, 2018, 2017, and 2016 (000s omitted).

	2018	2017	2016
Nonoperating revenue:			
City revenue	$ 350	$ 500	$ 350
City - Master plan	1,500	1,500	1,500
County revenue	525	525	525
County revenue - Master Plan	-	500	500
State revenue - Master Plan	-	1,000	-
Donations and grants	3,209	5,398	4,840
Investment income	-	-	18
Interest expense	(160)	(182)	(168)
Total Nonoperating revenue	$ 5,424	$ 9,241	$ 7,565

Contributions identified as State, County, and City - Master Plan and other, represent State, County, and City campaign gifts for the Master Plan, including capital projects.

City revenue decreased by $150,000 in 2018 and increased by $150,000 in 2017. There was no change in operating and programming support by Franklin County in the last three years. Franklin County discontinued Masterplan 2.0 support in 2018. In 2017 and 2016 Franklin County supported the Master Plan 2.0 with $500,000 grants. A state grant of $1,000,000 to support the Master Plan 2.0 was received in 2017. Donations and grants were reduced by $2,189,000 due to the close of Master Plan 2.0 capital campaign. In 2017, donations and grants increased by $558,000 primarily due to Children's Garden capital campaign.

Interest expense was $160,000, $182,000 and $168,000, in 2018, 2017, and 2016 respectively. This expense reduced in 2018 due to partial pay down of the Children's Garden debt, increased in 2017 due to additional interest on the Children's Garden debt, increased in 2016 due to additional interest on the Wells Barn and atrium debt

Contacting the Conservatory's Management

This financial report is intended to provide the community with a general overview of the Conservatory's finances and to show the Conservatory's accountability for the money it receives. We welcome you to contact us at Franklin Park Conservatory and Botanical Gardens at 1777 E. Broad Street, Columbus, Ohio 43203, or at www.fpconservatory.org.

Statement of Net Position

December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 1,738,181	$ 3,728,388
Receivables (Note 3)	1,183,376	1,468,169
Inventory	169,799	126,335
Prepaid expenses	235,240	209,889
Total current assets	3,326,596	5,532,781
Noncurrent assets:		
Capital assets:		
Assets not subject to depreciation (Note 4)	3,583,400	9,774,734
Assets subject to depreciation - Net (Note 4)	27,951,611	20,500,640
Restricted cash and cash equivalents (Note 2)	110,234	100,928
Noncurrent receivables (Note 3)	1,462,892	1,839,279
Other noncurrent assets	245,782	254,048
Total noncurrent assets	33,353,919	32,469,629
Total assets	36,680,515	38,002,410
Deferred Outflows of Resources		
Deferred outflows related to pension (Note 8)	1,544,038	2,648,639
Deferred outflows related to OPEB (Note 9)	230,149	-
Total deferred outflows of resources	1,774,187	2,648,639
Liabilities		
Current liabilities:		
Accounts payable	488,508	1,034,228
Accrued expenses	249,037	230,901
Unearned revenue and customer deposits	463,768	492,189
Line of credit (Note 5)	500,000	-
Current portion of notes payable (Note 6)	901,057	3,003,568
Total current liabilities	2,602,370	4,760,886
Noncurrent liabilities:		
Net pension liability (Note 8)	4,453,765	5,927,842
Net OPEB liability (Note 9)	3,127,468	-
Notes payable (Note 6)	2,351,378	1,466,809
Other noncurrent liabilities	17,741	17,047
Total noncurrent liabilities	9,950,352	7,411,698
Total liabilities	12,552,722	12,172,584
Deferred Inflows of Resources		
Deferred inflows related to pension (Note 8)	1,050,219	38,672
Deferred inflows related to OPEB (Note 9)	232,975	-
Total deferred inflows of resources	1,283,194	38,672
Net Position		
Net investment in capital assets	28,282,576	25,804,997
Restricted:		
Columbus Foundation	241,549	249,815
Various purposes	84,325	96,250
Annie's Fund	57,743	57,294
Growing to Green program	33,791	33,634
Children's Garden	-	1,639,318
Unrestricted	(4,081,198)	558,485
Total net position	**$ 24,618,786**	**$ 28,439,793**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenue		
General admissions	$ 1,694,529	$ 1,202,840
Membership	1,114,102	602,068
Gift shop sales	652,211	555,976
Facility rentals	3,131,935	3,246,835
Other	1,136,219	944,177
Total operating revenue	7,728,996	6,551,896
Operating Expenses		
Salaries and wages	4,679,651	4,204,365
Payroll taxes and benefits	1,901,497	1,865,617
Cost of goods sold	837,308	805,108
Marketing	168,433	164,573
Operating supplies	1,376,196	1,032,430
Utilities	313,828	275,176
Rental expense	283,551	307,508
Facility expenses	310,397	329,001
Office and banking	413,396	382,020
Contracted services and professional fees	1,441,497	1,012,432
Other expense	668,796	532,061
Depreciation expense	1,721,138	1,418,094
Total operating expenses	14,115,688	12,328,385
Operating Loss	(6,386,692)	(5,776,489)
Nonoperating Revenue (Expense)		
State	-	1,000,000
City	350,000	500,000
City Master Plan and other	1,500,000	1,500,000
County	525,000	525,000
County Master Plan	-	500,000
Donations and grants	3,208,721	5,398,100
Investment income	685	369
Interest expense	(159,892)	(182,333)
Total nonoperating revenue	5,424,514	9,241,136
Change in Net Position	(962,178)	3,464,647
Net Position - Beginning of year, as previously reported	28,439,793	24,975,146
Adjustment for Change in Accounting Principle (Note 12)	(2,858,829)	-
Net Position - Beginning of year, as adjusted	25,580,964	24,975,146
Net Position - End of year	**$ 24,618,786**	**$ 28,439,793**

See notes to financial statements.

Franklin Park Conservatory Joint Recreation District

Statement of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	$ 7,485,844	$ 6,461,662
Payments to others	(6,419,663)	(4,211,201)
Payments to employees	(5,434,745)	(5,103,823)
Net cash and cash equivalents used in operating activities	(4,368,564)	(2,853,362)
Cash Flows from Noncapital Financing Activities		
Noncapital subsidies from city, county, and state	2,375,000	4,025,000
Donations and grants	3,870,587	4,013,900
Net cash and cash equivalents provided by noncapital financing activities	6,245,587	8,038,900
Cash Flows from Capital and Related Financing Activities		
Draw on line of credit - Net of payments	500,000	(200,000)
Purchase of capital assets	(2,980,775)	(5,515,556)
Principal paid on long-term debt	(2,665,338)	(4,119,388)
Interest paid on long-term debt	(159,892)	(181,570)
Issuance of Master Plan note payable	1,447,396	4,547,604
Net cash and cash equivalents used in capital and related financing activities	(3,858,609)	(5,468,910)
Cash Flows Provided by Investing Activities - Interest and dividends on cash and investments	685	369
Net Decrease in Cash and Cash Equivalents	(1,980,901)	(283,003)
Cash and Cash Equivalents - Beginning of year	3,829,316	4,112,319
Cash and Cash Equivalents - End of year	**$ 1,848,415**	**$ 3,829,316**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (6,386,692)	$ (5,776,489)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	1,721,138	1,418,094
Changes in assets and liabilities:		
Receivables	(243,152)	(90,234)
Inventory	(43,464)	4,667
Prepaid expenses	(25,351)	19,547
Accounts payable	(545,712)	632,176
Net pension and OPEB liabilities	913,536	923,429
Accrued expenses and other	241,133	15,448
Net cash and cash equivalents used in operating activities	**$ (4,368,564)**	**$ (2,853,362)**

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Columbus, Ohio (the "City") and Franklin County, Ohio (the "County") agreed in 1990 to establish Franklin Park Conservatory Joint Recreation District (the "Conservatory") pursuant to the authority contained in Section 755.14 (B) of the Ohio Revised Code (ORC) upon the conclusion of Ameriflora 1992, Inc.'s horticulture exposition held at the Conservatory. In April 2007, the City and the County entered into an amended and restated agreement regarding the Conservatory, pursuant to the authority contained in Section 755.14 (C) of the ORC. The new agreement allows the Conservatory to exist until July 31, 2057. However, the City and the County may renew and extend the agreement for additional successive terms of 50 years, with the title to the Conservatory's assets reverting back to the City at the end of the agreement.

The Conservatory is governed by a 21-member board, eight of whom shall be appointed by the City of Columbus, Ohio's mayor, subject to confirmation by the City Council, and six of whom shall be appointed by Franklin County, Ohio. The governor, the speaker of the House of Representatives, and the president of the Senate of the State of Ohio shall each appoint one member to the Conservatory's board. State-appointed members are nonvoting members if they also serve as members of the Ohio General Assembly; no member presently serves both roles. Four members of the board are appointed by a majority of the existing board members.

The accompanying financial statements present the Conservatory and its component units, entities for which the Conservatory is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Conservatory's operations (See discussion below for description).

Blended Component Units

Friends of the Conservatory - In July 1999, the Conservatory created Friends of the Conservatory (Friends), a separate legal not-for-profit corporation, in accordance with Section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. Although it is legally separate from the Conservatory, Friends of the Conservatory is reported as if it were part of the primary government because its sole purpose is to promote the Conservatory and raise capital and solicit funds in support of the Conservatory.

Franklin Park Conservatory Women's Sustaining Board - In 1984, the Franklin Park Conservatory Women's Sustaining Board (the "Women's Board") was organized to create awareness of the Conservatory, to provide support to the Conservatory, and to broaden the base of support in the community for the Conservatory. The Women's Board is a legally separate not-for-profit organization in accordance with Section 501(c)(3) of the Internal Revenue Code. The Women's Board is considered a blended component unit of the Conservatory.

Joint Venture

The arrangement between the City and the County establishing the Conservatory possesses the characteristics of an entity classified as a joint venture. The City contributed certain fixed assets to the Conservatory at the time of its inception, and both the City and the County have historically agreed to annual subsidies. In 2018, the subsidies from the City and the County were $2,375,000, including $1,500,000 in contributions for the Master Plan and other. In 2017, the subsidies were $3,025,000, including $2,000,000 in contributions for the Master Plan and other. This represents 18 percent and 19 percent of the Conservatory's 2018 and 2017 revenue, respectively. In the event of the Conservatory's liquidation, its assets will be transferred to the City. Based on the above, the Conservatory is a joint venture between the City and the County. Future capabilities of the Conservatory to operate at current service levels are dependent upon annual subsidies from the City and the County.

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The accounting policies of the Conservatory follow accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by Franklin Park Conservatory Joint Recreation District:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenue from charges for services is reported as operating revenue. Transactions that are capital, financing, or investment-related are reported as nonoperating revenue. Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Restricted cash and cash equivalents consist of restrictions, as identified in Note 10.

Receivables

All receivables are shown as net of allowance for uncollectible amounts.

Inventory

Inventory is valued at the average cost method.

Plant Collection

The Conservatory does not capitalize its plants. They are expensed as purchased. The plant collection is held for public exhibition and education; is protected, kept unencumbered, cared for, and preserved; and is subject to a conservatory policy that requires proceeds from sales of the plant collection be used to acquire other plant collections.

Capital Assets

Capital assets, which include property, plant, and equipment, are capitalized at cost or estimated historical cost where no historical records exist. Capital assets are defined by the Conservatory as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Buildings and building improvements	10-30 years
Vehicles	5-10 years
Office furnishings	3-15 years
Other equipment	3-15 years

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Conservatory had deferred outflows of resources related to the net pension liability and net OPEB liability (see Notes 8 and 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Conservatory had deferred inflows of resources related to the net pension liability and net OPEB liability (see Notes 8 and 9)

Pension Costs

For the purpose 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 Ohio Public Employees Retirement System Pension Plan (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS pension plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the Conservatory's policy to allow employees to carry forward three days of paid time off. For employees hired before 2003, it is the Conservatory's policy to pay out any unused sick and vacation time. A liability for these amounts is reported if it is probable that the employee will be compensated through a cash payment.

Budgetary Accounting and Control

The Conservatory's annual budget is prepared on the accrual basis of accounting and approved by the board of directors. The budget includes anticipated amounts for current year revenue and expenses, as well as contributions, grants, and new capital projects. The Conservatory maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. The board is apprised every other month of actual results compared to budget. All budget amounts lapse at year end.

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the Conservatory has reported a change in accounting principle adjustment to unrestricted net position of $2,858,829, which is the net of the net OPEB liability and related deferred outflows of resources as of January 1, 2018. December 31, 2017 amounts have not been restated to reflect the impact of GASB Statement No. 75 because the information is not available to calculate the impact on OPEB expense for the year ended December 31, 2017.

Note 2 - Deposits and Investments

These amounts are classified into the following categories:

	2018	
	Cash and Cash Equivalents	Restricted Cash (Note 10)
Deposits with financial institutions	$ 1,727,951	$ 110,234
Cash on hand	10,230	-
Total	$ 1,738,181	$ 110,234

	2017	
	Cash and Cash Equivalents	Restricted Cash (Note 10)
Deposits with financial institutions	$ 3,719,698	$ 100,928
Cash on hand	8,690	-
Total	$ 3,728,388	$ 100,928

The investment and deposit of the Conservatory's monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, the Conservatory is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; bankers' acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAR Ohio.

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Conservatory's deposits may not be returned to it. The Conservatory does not have a deposit policy for custodial credit risk. At year end, the Conservatory's deposit balance with financial institutions was $1,910,492 and $3,794,897 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the Conservatory had $879,783 and $722,054, respectively, of bank deposits that were covered by deposit insurance provided by the FDIC.

Note 3 - Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	2018	2017
Short-term pledge receivable	$ 838,348	$ 1,285,183
Other short-term receivables	355,812	198,746
Long-term pledge receivable	1,675,000	2,016,100
Less:		
Allowance for doubtful accounts	10,784	15,760
Discount	212,108	176,821
Total accounts receivable	$ 2,646,268	$ 3,307,448

Note 4 - Capital Assets

Capital asset activity for the years ended December 31, 2018 and 2017 was as follows:

	Balance January 1, 2018	Transfers	Additions	Disposals	Balance December 31, 2018
Capital assets not being depreciated:					
Land	$ 100,000	$ -	$ -	$ -	$ 100,000
Art collections	3,433,850	-	65,550	(16,000)	3,483,400
Construction in progress	6,240,884	(8,416,288)	2,175,404	-	-
Subtotal	9,774,734	(8,416,288)	2,240,954	(16,000)	3,583,400
Capital assets being depreciated:					
Buildings	24,308,940	7,486,026	551,288	-	32,346,254
Buildings improvements	7,743,777	24,408	41,257	(35,476)	7,773,966
Exhibits	186,864	-	-	(166,949)	19,915
Equipment and fixtures	2,414,429	905,169	5,380	(30,024)	3,294,954
Vehicles	148,939	685	161,456	(7,110)	303,970
Subtotal	34,802,949	8,416,288	759,381	(239,559)	43,739,059
Accumulated depreciation	14,302,309	-	1,721,138	(235,999)	15,787,448
Net capital assets being depreciated	20,500,640	8,416,288	(961,757)	(3,560)	27,951,611
Net capital assets	$ 30,275,374	$ -	$ 1,279,197	$ (19,560)	$ 31,535,011

Note 4 - Capital Assets (Continued)

	Balance January 1, 2017	Transfers	Additions	Disposals	Balance December 31, 2017
Capital assets not being depreciated:					
Land	$ 100,000	$ -	$ -	$ -	$ 100,000
Art collections	3,492,850	-	-	(59,000)	3,433,850
Construction in progress	871,186	(205,625)	5,575,323	-	6,240,884
Subtotal	4,464,036	(205,625)	5,575,323	(59,000)	9,774,734
Capital assets being depreciated:					
Buildings	24,308,940	-	-	-	24,308,940
Buildings improvements	7,680,663	63,902	-	(788)	7,743,777
Exhibits	186,864	-	-	-	186,864
Equipment and fixtures	2,438,960	141,723	-	(166,254)	2,414,429
Vehicles	110,324	-	38,615	-	148,939
Subtotal	34,725,751	205,625	38,615	(167,042)	34,802,949
Accumulated depreciation	13,011,875	-	1,418,094	(127,660)	14,302,309
Net capital assets being depreciated	21,713,876	205,625	(1,379,479)	(39,382)	20,500,640
Net capital assets	$ 26,177,912	$ -	$ 4,195,844	$ (98,382)	$ 30,275,374

Note 5 - Line of Credit

During 2017, the Conservatory entered into a revolving credit agreement with Huntington for operations. The Conservatory borrowed $500,000 during 2018. The line matures on July 15, 2019 and bears an interest rate at LIBOR plus 2.65 percent; the effective interest rate at December 31, 2018 was 4.8125 percent. The line of credit is guaranteed by the Friends of the Conservatory through the maturity date. Neither the Conservatory nor Friends made payments during 2018, and the line of credit has an outstanding balance of $500,000 at December 31, 2018.

Note 6 - Long-term Debt

The changes in notes payable and compensated absences for the years ended December 31, 2018 and 2017 were as follows:

	2018					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long-term
Compensated absences	$ 47,700	$ -	$ (4,056)	$ 43,644	$ 25,903	$ 17,741
Notes payable	4,470,377	1,447,396	(2,665,338)	3,252,435	901,057	2,351,378
Total long-term obligations	$ 4,518,077	$ 1,447,396	$ (2,669,394)	$ 3,296,079	$ 926,960	$ 2,369,119

Note 6 - Long-term Debt (Continued)

	2017					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long-term
Compensated absences	$ 38,781	$ 8,919	$ -	$ 47,700	$ 30,653	$ 17,047
Notes payable	4,042,162	4,547,604	(4,119,389)	4,470,377	3,003,568	1,466,809
Total long-term obligations	$ 4,080,943	$ 4,556,523	$ (4,119,389)	$ 4,518,077	$ 3,034,221	$ 1,483,856

During 2014, the Conservatory obtained a $1,500,000 unsecured promissory note to provide construction financing for the second phase of the Master Plan. The note bears interest at a fixed annual rate of 5 percent. Quarterly installments of interest and principal are due according to draws made through maturity in September 2023. As of December 31, 2018 and 2017, the outstanding loan balance was $1,260,385 and $1,344,273, respectively.

During 2015, the Conservatory obtained a $300,000 unsecured promissory note with a related party to provide construction financing for the second phase of the Master Plan. As of December 31, 2017, the outstanding note balance was $300,000. The loan was paid in full on February 28, 2018.

During 2015, the Conservatory obtained a $3,500,000 loan agreement for the purchase and renovation of a multipurpose barn under the second phase of the Master Plan. Interest only was due in monthly installments through March 1, 2016 and was accrued at the monthly LIBOR plus 2.5 percent. Beginning in March 2016, the aggregate unpaid principal became subject to a repayment period of 36 months, ending upon maturity in March 2019. The periodic repayment amounts were determined based on all donations, grants, pledges, loans, and other funds received by the Conservatory for the barn project except (1) the proceeds of the $1,500,000 unsecured promissory note, (2) the proceeds of the $300,000 unsecured promissory note, and (3) the first $300,000 of other cash proceeds received with respect to the barn project. The loan was secured by all personal property, except certain assets and rights under the purchase agreement. The loan was paid in full during 2017.

During 2016, the Conservatory obtained a $2,500,000 loan agreement for atrium and facade renovations under the second phase of the Master Plan. Interest only was due in monthly installments and was accrued at the monthly LIBOR plus 2.25 percent. Beginning in March 2017, the aggregate unpaid principal became subject to a repayment period of 36 months, ending upon maturity in March 2020. The periodic repayment amounts were determined based on all donations, grants, pledges, loans, and other funds received by the Conservatory for the atrium project except (1) the proceeds of the $1,500,000 unsecured promissory note, (2) the proceeds of the $300,000 unsecured promissory note, and (3) the first $300,000 of other cash proceeds received with respect to the atrium project. The loan was secured by all personal property, except certain assets and rights under purchase agreement. The loan was paid in full during 2017.

During 2017, the Conservatory entered into a delayed draw loan agreement for construction of a children's garden and an expanded visitor experience under the second phase of the Master Plan. Interest only is due in monthly installments and is accrued at the daily LIBOR plus 2.25 percent (4.81 percent at December 31, 2018). Beginning in December 2018, the aggregate unpaid principal became subject to repayment quarterly. The quarterly repayment amounts are determined based on all pledges available for the project collected during the previous quarter. Any unpaid principal is due upon maturity in July 2021. The loan is secured by all personal property, except certain assets and rights under purchase agreement. The outstanding loan balance was $1,497,050 and $2,826,104 as of December 31, 2018 and 2017, respectively.

Note 6 - Long-term Debt (Continued)

During 2018, the Conservatory obtained a $495,000 loan for a commercial property in Columbus, Ohio. The loan is payable over 10 years, but is based on a 15-year amortization schedule. Monthly payments are $4,133, and the interest rate is fixed at 5.75 percent. The outstanding loan balance was $495,000 at December 31, 2018.

In 2018 and 2017, the Conservatory paid interest of approximately $160,000 and $182,000, respectively. Annual debt service requirements to maturity for the above note obligations are estimated as follows:

Years Ending December 31	Principal	Interest	Total
2019	$ 901,057	$ 88,203	$ 989,260
2020	469,209	82,438	551,647
2021	475,186	76,210	551,396
2022	129,060	74,778	203,838
2023	135,884	68,212	204,096
2024-2028	1,142,039	208,806	1,350,845
Total	$ 3,252,435	$ 598,647	$ 3,851,082

Note 7 - Risk Management

The Conservatory maintains comprehensive insurance coverage with private carriers for real property, building contents, directors and officers' liability insurance, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, the Conservatory provides medical benefits to most of its full-time employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs. The Conservatory is part of the statewide plan for workers' compensation insurance coverage. There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

Note 8 - Defined Benefit Pension Plan

Plan Description

All conservatory employees are required to participate in the statewide 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. 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 writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Note 8 - Defined Benefit Pension Plan (Continued)

Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement board of the system sets contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plan's 2018 and 2017 contribution rates (for measurement dates of December 31, 2017 and December 31, 2016) on covered payroll are as follows:

	2018 Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefits	Total
OPERS	13.00 %	1.00 %	- %	14.00 %

	2017 Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefits	Total
OPERS	12.00 %	2.00 %	- %	14.00 %

The Conservatory's required and actual contributions to the plan for the years ended December 31, 2018 and 2017 were approximately $641,000 and $565,000, respectively.

Benefits Provided

Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance after the employee's retirement date. Retirement benefits for the defined benefit portion of the plan increase 3 percent annually of the original base amount, regardless of changes in the Consumer Price Index, for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, beginning in calendar year 2019, the increase will be based on the average increase in the Consumer Price Index.

Note 8 - Defined Benefit Pension Plan (Continued)

Net Pension Liability, Deferrals, and Pension Expense

At December 31, 2018 and 2017, the Conservatory reported a liability for its proportionate share of the net pension liability. For December 31, 2018, the net pension liability was measured as of December 31, 2017. For December 31, 2017, the net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Conservatory's proportion of the net pension liability was based on the its long term-share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Measurement Date	Net Pension Liability	Proportionate Share
December 31, 2017	$ 4,453,765	.02842%
December 31, 2016	5,927,842	.02617%

The Conservatory's proportionate share increased 8.60 percent during 2018. For the years ended December 31, 2018 and 2017, the Conservatory recognized pension expense of approximately $642,000 and $822,000, respectively.

At December 31, 2018 and 2017, the Conservatory reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,439	$ 88,893	$ 6,587	$ 36,091
Changes in assumptions	533,436	-	943,833	-
Net difference between projected and actual earnings on pension plan investments	-	958,427	886,236	-
Difference between actual and proportionate share of contributions	361,426	2,899	246,357	2,581
Employer contributions to the plan subsequent to the measurement date	640,737	-	565,626	-
Total	$ 1,544,038	$ 1,050,219	$ 2,648,639	$ 38,672

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2019	$ 628,597
2020	33,960
2021	(421,002)
2022	(392,798)
2023	942
Thereafter	3,383

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in 2019.

Note 8 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability is based on the results of an actuarial valuation as determined by using the following actuarial assumptions applied to all periods included in the measurement:

	2018	2017
Valuation date	December 31, 2017	December 31, 2016
Actuarial cost method	Individual entry age	Individual entry age
Cost of living	3.0 percent	3.0 percent
Salary increases, including inflation	3.25 percent to 10.75 percent	3.25 percent to 10.75 percent
Inflation	2.50 percent	2.50 percent
Investment rate of return	7.50 percent, net of pension plan investment expense	7.50 percent, net of pension plan investment expense
Mortality rates	RP-2014 Healthy Annuitant Mortality Table	RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of five years ended December 31, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent as of December 31, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2018		2017	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	23.00 %	2.20 %	23.00 %	2.75 %
Domestic equities	19.00	6.37	20.70	6.34
Real estate	10.00	5.26	10.00	4.75
Private equity	10.00	8.97	10.00	8.97
International equity	20.00	7.88	18.30	7.92
Other investments	18.00	5.26	18.00	4.92

Note 8 - Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Conservatory, calculated using the discount rate of 7.50 percent for the years ended December 31, 2018 and 2017, as well as what the Conservatory's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.5%)	Current Discount Rate (7.5%)	1 Percent Increase (8.5%)
Net pension liability - 2018	$ 7,915,358	$ 4,453,765	$ 1,567,908

	1 Percent Decrease (6.5%)	Current Discount Rate (7.5%)	1 Percent Increase (8.5%)
Net pension liability - 2017	$ 9,070,198	$ 5,927,842	$ 3,310,033

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in a separately issued OPERS financial report.

Note 9 - Other Postemployment Benefit Plan

Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75.

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 writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2018 and 2017, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB plan.

Note 9 - Other Postemployment Benefit Plan (Continued)

OPERS' postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of the postemployment healthcare benefits. The portion of employer contributions allocated to health care for members was 1 percent and 2 percent for the OPERS plan years ended December 31, 2017 and 2016, respectively. The Conservatory did not make contributions to OPEB during 2018 in accordance with statatory requirements. The OPERS board of trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Deferred Compensation Plan

The Conservatory also maintains a voluntary deferred compensation plan, which allows eligible employees to defer a portion of their salary to be held in trust up to certain established annual limits.

Net OPEB Liability

At December 31, 2018, the Conservatory reported a liability of $3,127,468 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The Conservatory's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At December 31, 2018, the Conservatory's proportion was 0.0288 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Conservatory recognized OPEB expense of approximately $271,000.

At December 31, 2018, the Conservatory reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,436	$ -
Changes in assumptions	227,713	-
Net difference between projected and actual earnings on OPEB plan investments	-	232,975
Total	$ 230,149	$ 232,975

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Amount
2019	$ 51,791
2020	51,791
2021	(48,165)
2022	(58,243)
Total	$ (2,826)

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability is based on the results of an actuarial valuation and was determined using the following actuarial assumptions for 2017, applied to all periods included in the measurement on December 31, 2018:

	Actuarial Assumptions
Actuarial valuation date	December 31, 2016
Rolled forward measurement date	December 31, 2017
Experience study	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age normal
Single discount rate	3.85%
Investment rate of return (net of investment expenses)	6.50%
Municipal bond rate	3.31%
Wage inflation	3.25%
Projected salary increases, including inflation	3.25% - 10.75%
Healthcare cost trend rate	7.5% initial, 3.25% ultimate in 2028
Mortality rates	RP-2014 Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 3.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each plan’s fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees for OPERS. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments and a 20-year municipal bond rate applied to the unfunded benefit payment period to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	34.00 %	1.88 %
Domestic equities	21.00	6.37
REITs	6.00	5.91
International equities	22.00	7.88
Other investments	17.00	5.39

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Conservatory, calculated using the discount rate of 3.85 percent, as well as what the Conservatory's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.85%)	Current Discount Rate (3.85%)	1 Percent Increase (4.85%)
Net OPEB liability	$ 4,154,976	$ 3,127,468	$ 2,296,224

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Conservatory, calculated using the healthcare cost trend rate of 7.50 percent, as well as what the Conservatory's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability	$ 2,992,320	$ 3,127,468	$ 3,267,072

OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued OPERS financial report.

Note 10 - Restricted Net Position

Net position of the Conservatory has been restricted for the following purposes:

	2018	2017
Columbus Foundation	$ 241,549	$ 249,815
Children's Garden	-	1,639,318
Restricted - Various purposes	84,325	96,250
Annie's Fund	57,743	57,294
Growing to Green Program	33,791	33,634
Total	$ 417,408	$ 2,076,311

In 1996, the Women’s Board created a fund for the Conservatory at the Columbus Foundation, an Ohio not-for-profit corporation. These funds are included in other noncurrent assets.

Contributions were received from donors for various restricted purposes. These funds are included in the restricted cash and cash equivalents and receivables.

In 2001, Annie’s Fund for the Creative Arts created a fund for the Conservatory in the form of a collection of Koi (Japanese carp) fish. All donations received are reserved, and the interest is restricted for the care and support of these fish and their environment. These funds are included in restricted cash and cash equivalents in the statement of net position.

In 2006, the Growing to Green Endowment was established to support the annual program operations of the Conservatory’s Growing to Green Program. All donations received are reserved and restricted for this program. These funds are included in the restricted cash and cash equivalents.

Note 10 - Restricted Net Position (Continued)

In 2017 and 2016, the Conservatory received donations for the specific use of construction of the Children's Garden. Any unspent funds are included in restricted cash and cash equivalents and receivables.

Unrestricted net position of the Conservatory at December 31, 2018 and 2017 is as follows:

	2018	2017
Designated for capital projects	$ 2,841,882	$ 3,916,153
Designated for financial sustainability	597,252	424,252
Undesignated	(7,520,332)	(3,781,920)
Total	$ (4,081,198)	$ 558,485

In July 1999, the Conservatory created Friends of the Conservatory, a separate legal not-for-profit corporation, in accordance with Section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. During 2005, Friends began raising support for the Conservatory's Master Plan. The Master Plan is a comprehensive strategic plan to promote programmatic and financial goals of the Conservatory. These donations are designated for the purpose of the Master Plan.

Note 11 - Blended Component Units

As of December 31, 2018, the condensed statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows for the blended component units are as follows:

	2018	
	Friends of the Conservatory	Women's Sustaining Board
Current assets	$ 6,366,500	$ 136,022
Nondepreciable capital assets	3,483,400	-
Other noncurrent assets	1,481,592	-
Total assets	$ 11,331,492	$ 136,022
Current liabilities	$ 895,431	$ 28,622
Noncurrent liabilities	1,877,668	-
Net position:		
Net investment in capital assets	3,483,400	-
Restricted	241,549	-
Unrestricted	4,833,444	107,400
Total net position	8,558,393	107,400
Total liabilities and net position	$ 11,331,492	$ 136,022
Operating revenue	$ -	$ 89,469
Operating expenses	32,413	179,497
Loss from operations	(32,413)	(90,028)
Nonoperating revenue (expenses) :		
Investment income	1,646,043	410,763
Interest expense	(64,256)	-
Operating support to other entities	(2,132,536)	(301,000)
Total nonoperating (expense) revenue	(550,749)	109,763
(Decrease) increase in net position	$ (583,162)	$ 19,735
Net cash provided by (used in) operating activities	$ 415,080	$ (62,343)
Net cash provided by noncapital financing activities	272,473	100,942
Net cash used in capital and related financing activities	(1,771,944)	-
Net (decrease) increase in cash and cash equivalents	(1,084,391)	38,599
Cash and cash equivalents - Beginning of year	1,627,922	97,068
Cash and cash equivalents - End of year	$ 543,531	$ 135,667

Note 12 - Change in Accounting Principle

During 2018, the Conservatory implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing other postemployment benefit liabilities, as well as related deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on net position as reported at January 1, 2018:

Net position - Beginning of year as previously reported	28,439,793
Effect of change	(2,858,829)
Net position - Beginning of year, as restated	$ 25,580,964

Note 13 - Upcoming Accounting Pronouncements

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Conservatory is currently evaluating the impact of this standard. The provisions of this statement are effective for the Conservatory's financial statements for the year ending December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Conservatory is currently evaluating the impact of this standard. The provisions of this statement are effective for the year ending December 31, 2020.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Conservatory is currently evaluating the impact of this standard. The provisions of this statement are effective for the year ending December 31, 2019.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the year ending December 31, 2020.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The statement revises GASB statements Nos. 14 and 61 and requires that governments analyze the holdings of legally separate organizations to see if the ownership of a majority interest in a separate legal organization qualifies as an investment under GASB Statement No. 72. The Conservatory is currently evaluating the impact of this standard. The provisions of this statement are effective for the year ending December 31, 2019.

Required Supplementary Information

Required Supplementary Information
Schedule of the Conservatory's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

Last Four Plan Years

Years Ended December 31

	2017	2016	2015	2014
Franklin Park Conservatory's proportion of the net pension liability	0.02842 %	0.02617 %	0.02364 %	0.02295 %
Franklin Park Conservatory's proportionate share of the net pension liability	$ 4,453,765	$ 5,927,842	$ 4,085,885	$ 2,766,370
Franklin Park Conservatory's covered payroll	$ 4,678,697	$ 3,759,323	$ 3,348,521	$ 3,090,364
Franklin Park Conservatory's proportionate share of the net pension liability as a percentage of its covered payroll	95.19 %	157.68 %	122.02 %	89.52 %
Plan fiduciary net position as a percentage of total pension liability	84.85 %	77.39 %	81.20 %	86.50 %

Information prior to 2014 is not available.

Required Supplementary Information
Schedule of Pension Contributions
Ohio Public Employees Retirement System

Last Four Fiscal Years

Years Ended December 31

	2018	2017	2016	2015
Statutorily required contribution	$ 640,737	$ 565,626	$ 515,151	$ 468,793
Contributions in relation to the actuarially determined contractually required contribution	640,737	565,626	515,151	468,793
Contribution Deficiency	**$ -**	**$ -**	**$ -**	$ -
Conservatory's Covered Payroll	$ 4,576,693	$ 4,172,654	$ 3,686,791	$ 3,348,521
Contributions as a Percentage of Covered Payroll	14.00 %	14.00 %	14.00 %	14.00 %

Information prior to 2015 is not available.

Required Supplementary Information
Schedule of the Conservatory's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System

Last One Plan Year
Plan Year Ended December 31

	2017
Conservatory's proportion of the net OPEB liability	0.02880 %
Conservatory's proportionate share of the net OPEB liability	$ 4,453,765
Conservatory's covered payroll	$ 4,678,697
Conservatory's proportionate share of the net OPEB liability as a percentage of its payroll	95.19 %
Plan fiduciary net position as a percentage of total OPEB liability	54.14 %

Information prior to 2017 is not available.

Required Supplementary Information
Schedule of OPEB Contributions
Ohio Public Employees Retirement System

Last One Fiscal Year

Year Ended December 31

	2018
Statutorily required contribution	$ -
Contributions in relation to the statutorily required contribution	-
Contribution Excess (Deficiency)	**$ -**
Conservatory's Covered Employee Payroll	$ 4,576,693
Contributions as a Percentage of Covered Employee Payroll	- %

Information prior to 2018 is not available.

Pension

Changes in Benefit Terms

There were no changes in benefit terms affecting the OPERS plan.

Changes of Assumptions

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The assumed rate of return decreased from 8 percent to 7.5 percent. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPEB

Changes in Benefit Terms

There were no changes in benefit terms affecting the OPERS plan for the plan year ended December 31, 2017.

Changes of Assumptions

There were no changes in assumptions affecting the OPERS plan for the plan year ended December 31, 2017.

Supplementary Information

Franklin Park Conservatory
Combining Schedule of Revenue and Expenses
For the Twelve Months Ending December 31, 2018

	DAILY ACTIVITIES			FRANKLIN PARK CONSERVATORY			FRIENDS OF THE CONSERVATORY			WOMEN'S SUSTAINING BOARD	TOTAL CONSOLIDATED
	FPC	FOC	TOTAL	DAILY ACTIVITIES	OTHER ACTIVITIES	COMBINING TOTAL	DAILY ACTIVITIES	OTHER ACTIVITIES	COMBINING TOTAL		
OPERATING REVENUE											
General Admissions	1,694,529	-	1,694,529	1,694,529	-	1,694,529	-	-	-	-	1,694,529
Memberships	1,102,032	-	1,102,032	1,102,032	-	1,102,032	-	-	-	12,070	1,114,102
Gift Shop Sales	652,211	-	652,211	652,211	-	652,211	-	-	-	-	652,211
Facility Rentals & Cafe Sales	3,131,935	-	3,131,935	3,131,935	-	3,131,935	-	-	-	-	3,131,935
Education	394,570	-	394,570	394,570	-	394,570				-	394,570
Horticulture Income	528,365	-	528,365	528,365	-	528,365				-	528,365
Other Income	39,941	-	39,941	39,941	95,944	135,885	-	-	-	77,399	213,284
Total Operating Revenue	7,543,583	-	7,543,583	7,543,583	95,944	7,639,527	-	-	-	89,469	7,728,996
OPERATING EXPENSES											
Salaries & Wages	4,669,651	-	4,669,651	4,669,651	10,000	4,679,651	-	-	-	-	4,679,651
Payroll Taxes and Benefits	987,837	-	987,837	987,837	913,660	1,901,497	-	-	-	-	1,901,497
Cost of Goods Sold	837,308	-	837,308	837,308	-	837,308	-	-	-	-	837,308
Marketing	164,946	-	164,946	164,946	-	164,946	-	-	-	3,487	168,433
Operating Supplies	1,063,521	-	1,063,521	1,063,521	312,675	1,376,196	-	-	-	-	1,376,196
Utilities	313,828	-	313,828	313,828	-	313,828	-	-	-	-	313,828
Rental Expense	256,986	-	256,986	256,986	-	256,986	-	-	-	26,565	283,551
Facility Expense	310,397	-	310,397	310,397	-	310,397	-	-	-	-	310,397
Office and Banking	400,321	133	400,454	400,321	11,567	411,888	133	-	133	1,375	413,396
Contracted Services and Professional Fees	1,237,026	-	1,237,026	1,237,026	185,967	1,422,993	-	-	-	18,504	1,441,497
Other Expense	310,944	2,280	313,224	310,944	187,183	498,127	2,280	30,000	32,280	138,389	668,796
Depreciation expense	-	-	-	-	1,721,138	1,721,138	-	-	-	-	1,721,138
Total Operating Expenses	10,552,765	2,413	10,555,178	10,552,765	3,342,190	13,894,955	2,413	30,000	32,413	188,320	14,115,688
Operating Income(Loss)	(3,009,182)	(2,413)	(3,011,595)	(3,009,182)	(3,246,246)	(6,255,428)	(2,413)	(30,000)	(32,413)	(98,851)	(6,386,692)
NONOPERATING REVENUE (EXPENSES)											
Intergovenmental Revenue											
City	350,000	-	350,000	350,000	1,500,000	1,850,000	-	-	-	-	1,850,000
County	525,000	-	525,000	525,000	-	525,000	-	-	-	-	525,000
Donations and Grants	902,821	707,415	1,610,236	902,821	249,093	1,151,914	707,415	672,928	1,380,343	410,764	2,943,021
GCAC operating Support	-	263,125	263,125	-	-	-	263,125	2,575	265,700	-	265,700
Operating Support from FOC to FPC	806,135	(806,135)	-	806,135	1,586,401	2,392,536	(806,135)	(1,586,401)	(2,392,536)	-	-
Operating Support from WSB to FPC	301,000	-	301,000	301,000	-	301,000	-	-	-	(301,000)	-
Transfers	144,419	(83,888)	60,531	144,419	(144,419)	-	(83,888)	83,888	-	-	-
Investment Income	79	-	79	79	606	685	-	-	-	-	685
Investment Expense	(13,937)	(64,256)	(78,193)	(13,937)	(81,699)	(95,636)	(64,256)	-	(64,256)	-	(159,892)
Total nonoperating revenue	3,015,517	16,261	3,031,778	3,015,517	3,109,982	6,125,499	16,261	(827,010)	(810,749)	109,764	5,424,514
INCOME (LOSS)	**6,335**	**13,848**	**20,183**	**6,335**	**(136,264)**	**(129,929)**	**13,848**	**(857,010)**	**(843,162)**	**10,913**	**(962,178)**

FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Horticulture & Exhibits	Education	Audience Development	Other	Masterplan Planning	Total Program Expenses	Management & General Expenses	Fundraising	Other Non Programing	Total
Payroll, benefit and tax	1,766,639	747,648	561,969	232,932	11,612	3,320,800	1,016,886	460,126	1,783,336	6,581,148
Cost of goods sold-Gift Shop	-	-	-	-	-	-	-	-	307,634	307,634
Cost of goods sold-Beverages	-	-	-	-	-	-	-	-	529,674	529,674
Marketing and advertising	84,675	5,995	22,837	7,839	-	121,346	2,305	10,000	34,782	168,433
Animals and related supplies	87,243	-	-	-	-	87,243	-	-	-	87,243
Plants, seeds, soil, mulch, containers	364,160	-	-	-	-	364,160	-	-	-	364,160
Signage and displays	213,278	-	-	530	-	213,808	-	1,590	759	216,157
Operating supplies and equipment	111,148	65,950	48,357	10,557	312,670	548,682	106,256	7,647	30,708	693,293
Equipment rental	7,232	-	-	26,565	-	33,797	22,195	33,421	36,250	125,663
Linens	-	-	-	-	-	-	-	136	95,920	96,056
Maintenance	-	-	2,814	-	-	2,814	165,118	-	284	168,216
Utilities-gas, electric, telephone	-	-	-	-	-	-	313,284	180	364	313,828
Fuel	-	-	-	-	-	-	14,734	-	609	15,343
Building rental	47,603	-	-	-	-	47,603	14,229	-	-	61,832
Insurance	-	-	-	-	-	-	142,181	-	-	142,181
Office supplies and equipment	8,531	6,714	615	14,728	11,567	42,155	96,254	6,946	7,843	153,198
Banking and credit card fees	-	-	-	-	-	-	218,539	-	-	218,539
Postage	1,259	512	13,628	15,750	-	31,149	4,788	5,298	424	41,659
Professional services	-	-	-	-	-	-	35,450	-	-	35,450
Contracted services	283,448	45,950	463,988	33,178	185,967	1,012,531	270,995	49,240	73,281	1,406,047
Conference, travel and entertainment	17,058	11,309	370	1,511	-	30,248	19,356	7,731	10,123	67,458
Hospitality and catering	2,555	6,328	499	6,733	-	16,115	22,606	53,189	2,108	94,018
Interest expense	-	-	-	-	81,699	81,699	78,193	-	-	159,892
Other expenses	56,580	24,789	2,481	138,740	187,183	409,773	37,954	55,635	3,958	507,320
Depreciation	462,021	195,529	146,969	60,918	3,037	868,474	265,941	120,335	466,388	1,721,138
Total	**3,513,430**	**1,110,724**	**1,264,527**	**549,981**	**793,735**	**7,232,397**	**2,847,264**	**811,474**	**3,384,445**	**14,275,580**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Finance Committee
Franklin Park Conservatory Joint
Recreation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Franklin Park Conservatory Joint Recreation District (the "Conservatory") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, and have issued our report thereon dated March 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservatory's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservatory's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservatory's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Conservatory's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservatory's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Finance Committee
Franklin Park Conservatory Joint
Recreation District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservatory's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservatory's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 19, 2019

OHIO AUDITOR OF STATE
KEITH FABER

FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT

FRANKLIN 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
APRIL 23, 2019