Franklin Park Conservatory Joint Recreation District

Financial Statements for the
Year Ended December 31, 2001
and Independent Auditors' Reports

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Franklin Park Conservatory Joint Recreation District

We have reviewed the Independent Auditor's Report of the Franklin Park Conservatory Joint Recreation District, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2001 through December 31, 2001. 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.

JIM PETRO
Auditor of State

July 3, 2002

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FRANKLIN PARK CONSERVATORY
JOINT RECREATION DISTRICT

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Franklin Park Conservatory Joint Recreation District

We have audited the accompanying Statement of Net Assets of the Franklin Park Conservatory Joint Recreation District (the Conservatory) as of and for the year ended December 31, 2001 and the related statements of Revenues, Expenses and Changes in Net Assets and of Cash Flows for the year then ended. These financial statements are the responsibility of the Conservatory's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservatory as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2001, the Conservatory adopted Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenue*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and retroactively restated its net assets for the change.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2002 on our consideration of the Conservatory's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

March 8, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Franklin Park Conservatory's financial report represents a discussion and analysis of the Conservatory's financial performance during the fiscal year ended December 31, 2001. Please read it in conjunction with the Conservatory's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Net Assets* presents information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Conservatory is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* reports the operating revenues 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 assets for the fiscal year.

The *Statement of Cash Flows* reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

Financial Position

The following summarizes the Conservatory's financial position as of December 31, 2001 and 2000:

	2001	2000	% Change
ASSETS:			
Current assets	$ 412,800	$ 579,214	(28.73)%
Capital assets	5,563,688	5,733,338	(2.96)%
Other noncurrent assets	159,868	185,074	(13.62)%
Total assets	$6,136,356	$6,497,626	(5.56)%
LIABILITIES:			
Current liabilities	$ 351,258	$ 424,179	(17.19)%
Noncurrent liabilities	101,725	88,758	14.61 %
Total liabilities	452,983	512,937	(11.69)%
NET ASSETS:			
Investment in capital assets, net of related debt	5,555,662	6,028,158	(7.84)%
Restricted assets	328,896	282,294	16.51 %
Unrestricted net assets	(201,185)	(325,763)	(38.24)%
Total net assets	5,683,373	5,984,689	(5.03)%
Total liabilities and net assets	$6,136,356	$6,497,626	(5.56)%

Capital Assets **-** During fiscal year 2001, the Conservatory expended $142,550 on capital assets. This included $18,786 for computer equipment and software, $4,926 for furniture, $13,579 for landscape equipment, $53,086 for a building sound system, $20,286 for a lift elevator in the Palm House, $8,271 on office equipment and $23,616 for lighting on the West Terrace.

Long-Term Liabilities **-** At December 31, 2001, the Conservatory had long-term liabilities of $101,725. This included $4,013 in capital lease obligations and $97,712 in accrued vacation and sick leave.

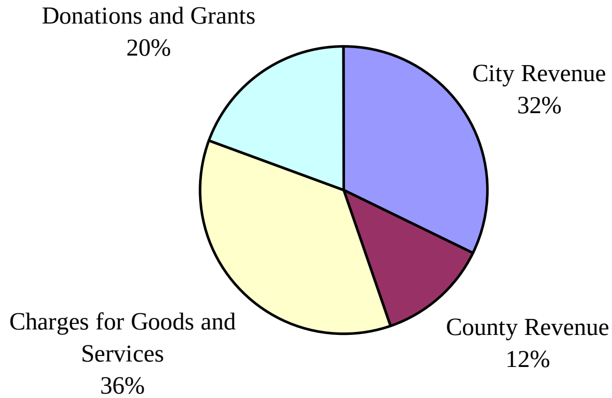
Net Assets **-** The Conservatory's assets exceeded liabilities by $5.7 million. The largest portion of the Conservatory's net assets each year ($5.6 million or 97.7% at December 31, 2001) represents its investment in capital assets, less related debt outstanding used to acquire those capital assets. The Conservatory uses these assets to provide services to its visitors; consequently, these assets are not available for future spending.

An additional portion of the Conservatory's net assets represents resources that are subject to restrictions as follows: Friends of the Conservatory $154,468, endowment fund held at the Columbus Foundation $149,428, and an endowment fund from Annie's Fund for the Creative Arts of $25,000. The deficiency in unrestricted net assets increased $124,582 from the prior year. The fluctuation is due to changes in revenue and expenses as described below.

Financial Information

Revenue

The following chart shows the major sources of operating revenue for the year ended December 31, 2001.



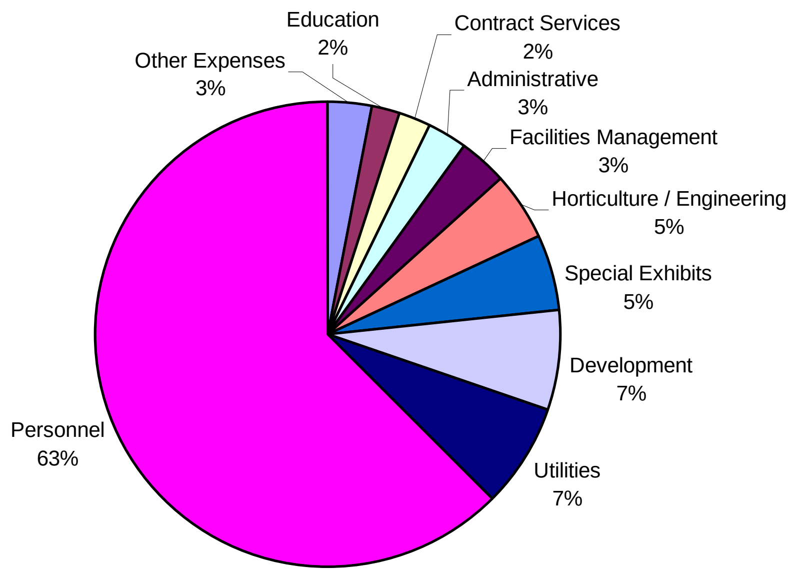
The following schedule presents a summary of revenues for the fiscal years ended December 31, 2001 and 2000.

	2001	2000	Increase (Decrease)
City revenue	$1,091,000	$1,122,542	$ (31,542)
County revenue	414,714	303,124	111,590
Charges for goods and services	1,209,328	984,550	224,778
Donations and grants	657,751	834,692	(176,941)
Total operating revenue	$3,372,793	$3,244,908	$ 127,885

Operating revenue for 2001 increased 3.94% from the previous year. The increase is largely the result of increased attendance. 2001 admissions were 59% greater than 2000 admissions. With greater attendance, café sales were 24% over 2000 and gift shop sales were also above 2000.

Expenses

The following chart shows the major categories of operating expenses for the year ended December 31, 2001.



The following schedule presents a summary of expenses for the fiscal years ended December 31, 2001 and 2000:

	2001	2000	Increase/ Decrease
Personnel	$2,144,680	$1,850,144	$ 294,536
Administrative expenses	89,576	68,000	21,576
Contract services	73,561	89,044	(15,483)
Development department exp.	238,134	250,120	(11,986)
Education department	68,764	91,541	(22,777)
Facilities management	116,501	116,602	(101)
Horticulture and engineering	166,552	196,040	(29,488)
Insurance	53,509	42,720	10,789
Special exhibits department	176,559	261,519	(84,960)
Utilities	247,144	219,642	27,502
Gift shop	30,919	12,848	18,071
Grants	5,281	102,453	(97,172)
Other	17,585	126,414	(108,829)
Total operating expenses	$3,428,765	$3,427,087	$ 1,678

Overall, 2001 expenses were comparable to the 2000 expenses. Administrative expenses were greater due to much larger mailing expenses. Our marketing department increased mailings in 2001 that increased the postage expense. Gift shop expenses were greater because the overall sales were up and the plant sale expenses were included. The plant sale added approximately $45,000 to the gift shop gross sales. Insurance expenses climbed in 2001 due to rate increases. Personnel were added during the 2nd half of 2000 and in 2001 the total cost of these employees along with cost of living raises for the entire staff increased the personnel expense. Natural gas expenses climbed dramatically in 2001 and increased the utility expense.

Several 2001 expense categories were much less than 2000. Grant expenses are limited to grants received. In 2001 less funds were received and spent in the grants' area. In the special exhibits area, several improvements were made in 2000 making that year much larger than 2001.

FRANKLIN PARK CONSERVATORY
JOINT RECREATION DISTRICT

STATEMENT OF NET ASSETS
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS:	
Cash and investments	$ 346,523
Receivables	15,669
Prepaids	10,539
Inventory	40,069
Total current assets	412,800
NON-CURRENT ASSETS:	
Capital assets	8,034,686
Accumulated depreciation	(2,470,998)
Total capital assets net of accumulated depreciation	5,563,688
Other non-current assets	159,868
Total non-current assets	5,723,556
TOTAL ASSETS	$ 6,136,356

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	$ 88,526
Deferred revenue	1,354
Customer deposits	146,390
Accrued payroll	110,975
Current obligation under capital lease	4,013
Total current liabilities	351,258
NON-CURRENT LIABILITIES:	
Accrued vacation and sick	97,712
Long-term obligation under capital lease	4,013
Total non-current liabilities	101,725
Total liabilities	452,983
NET ASSETS:	
Invested in capital assets, net of related debt	5,555,662
Restricted:	
Columbus Foundation	149,428
Expendable endowments	179,468
Total restricted net assets	328,896
Unrestricted net assets (deficiency)	(201,185)
Total net assets	5,683,373
TOTAL LIABILITIES AND NET ASSETS	$ 6,136,356

See notes to financial statements.

FRANKLIN PARK CONSERVATORY
JOINT RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2001

OPERATING REVENUES - Charges for goods and services	$1,209,328
OPERATING EXPENSES:	
Personnel	2,144,680
Administrative	89,576
Contract services	73,561
Development	238,134
Education	68,764
Facilities management	116,501
Horticulture and engineering	166,552
Insurance	53,509
Special exhibits	176,559
Utilities	247,144
Gift shop	30,919
Grants	5,281
Other	17,585
Total operating expenses	3,428,765
OPERATING LOSS BEFORE DEPRECIATION	(2,219,437)
DEPRECIATION	321,199
OPERATING LOSS	(2,540,636)
NON-OPERATING REVENUE:	
Intergovernmental:	
City	1,091,000
County	414,714
Donations and grants	657,751
Investment income	15,843
Total non-operating revenue	2,179,308
LOSS BEFORE CAPITAL CONTRIBUTIONS	(361,328)
CAPITAL CONTRIBUTIONS	60,012
CHANGES IN NET ASSETS - Decrease in net assets	(301,316)
NET ASSETS, BEGINNING OF YEAR	5,984,689
NET ASSETS, END OF YEAR	$5,683,373

See notes to financial statements.

FRANKLIN PARK CONSERVATORY
JOINT RECREATION DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 1,266,036
Cash paid to employees	(2,095,701)
Cash paid to others	(1,420,649)
Net cash used in operating activities	(2,250,314)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from governmental entities	1,505,714
Cash received from donations and grants	657,751
Net cash provided by noncapital financing activities	2,163,465
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of property, plant and equipment	(142,550)
Contributed capital	60,012
Payments on capital lease obligations	(9,281)
Net cash used in capital and related financing activities	(91,819)
CASH FLOWS FROM INVESTING ACTIVITIES - Interest received on cash and investments	20,986
DECREASE IN CASH AND CASH EQUIVALENTS	(157,682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	504,205
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 346,523
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$(2,540,636)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation	321,199
(Increase) decrease in assets:	
Accounts receivable	(9,817)
Prepaids	6,350
Inventory	(5,265)
Increase (decrease) in liabilities:	
Accounts payable	(118,015)
Deferred revenue	(7,578)
Customer deposits	54,469
Accrued payroll	48,979
Net cash used in operating activities	$(2,250,314)

See notes to financial statements.

1. REPORTING ENTITY

The City of Columbus (City) and Franklin County (County) agreed in 1990 to establish the 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 Franklin Park. The original agreement allows the Conservatory to exist for a term of 40 years ending August 31, 2032. However, the City and County may renew and extend the agreement for additional successive terms of 10 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 17-member board, eight of whom shall be appointed by the City of Columbus' Mayor subject to confirmation by the City Council and six appointed by Franklin County. Additionally, 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 board. State appointed members are non-voting members if they also serve as members of the Ohio General Assembly; no member presently serves both roles.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* in that the basic financial statements include all organizations, activities, and functions for which the Conservatory is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the Conservatory's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Conservatory. On that basis, the reporting entity of the Conservatory includes the Friends of the Conservatory as a blended component unit.

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 Franklin Park 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.

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 County have historically agreed to annual operating subsidies. In 2001, the subsidies totaled $1,526,000; 45% of the Conservatory's operating revenue. In the event of the Conservatory's liquidation, its assets will be transferred to the City. Based on 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 operating subsidiaries from the City and the County.

Reclassifications and Restatement - The Conservatory adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenue*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures.* These Statements eliminate the concept of Fund Equity and introduce the concept of Net Assets. The Conservatory has adopted these Statements for its 2001 financial statements and the beginning net assets have been restated to conform with the 2001 presentation.

In accordance with the implementation of GASB No. 33, the Conservatory recorded the assets held by the Columbus Foundation. Furthermore, in accordance with GASB No. 34 the Conservatory qualifies as a business-type activity. The following entries were made to beginning net assets to adjust for these changes:

2000 equity memorandum total	$ 8,063,704
Accumulated depreciation	(2,149,799)
Long-term accrued vacation and sick leave	(72,733)
Columbus Foundation net assets	143,517
Total	$ 5,984,689

With the change to a business-type activity, the Conservatory depreciates capital assets and accounts for its revenues and expenses using the full accrual basis of accounting for the entire organization rather than modified accrual accounting for certain parts of the Conservatory's accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Conservatory have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 revenues and expenses during the reported period. Actual results could differ from those estimates. The Conservatory's significant accounting policies are described below.

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

Revenue from charges from services, contributions and donations are reported as operating revenues. Transactions, which are capital, financing or investment related, are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Conservatory follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles, Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

***Cash and Cash Equivalents* -** For the purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Investments* -** In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Conservatory records all its investments at fair value, as required by the Statement.

***Inventory* -** Inventories are valued at cost using the first-in, first-out method.

***Plant Collection* -** The Conservatory does not capitalize their 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 will be used to acquire other plant collections.

***Capital Assets* -** Capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The Conservatory capitalizes all assets over $2,500. The Conservatory does not possess any infrastructure. Depreciation has been provided, where appropriate, on a straight-line basis over the estimated useful lives ranging from 3 to 30 years. For 2001, there were no capitalized interest costs incurred.

***Compensated Absences* -** The Conservatory follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued for sick leave if it is probable that the employee will be compensated through a cash payment.

***Long-Term Obligations* -** Capital leases are recognized as a liability.

***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 revenues and expenses as well as 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. All budget amounts lapse at year end.

***New Accounting Standards Not Yet Implemented* -** During May 2002 the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The Conservatory has not completed an analysis of the impact of this statement on its reported financial statements.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents **-** The investment and deposit of the Conservatory's monies are governed by the provisions of the Ohio Revised Code (ORC). 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; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAROhio.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2001.

According to state law public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Conservatory's name.

Deposits with Financial Institutions **-** At year-end, the carrying amount of the Conservatory's deposits was $187,608 and the total bank balance was $184,045, all of which was insured by the FDIC.

Investments **-** The Conservatory's entire investment balance of $4,447 is invested in STAROhio and is not required to be categorized due to the fact that it does not exist in physical or book entry form.

Friends of the Conservatory **-** Friends of the Conservatory's investments are categorized to give an indication of the level of risk assumed by the Friends of the Conservatory. Category 1 includes investments that are insured or registered or for which the securities are held by the Friends of the Conservatory or its agent in the Friends of the Conservatory's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Friends of the Conservatory's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent and not in the Friends of the Conservatory's name.

	Category 2	**Fair Value**
U.S. treasury and agency	$ 12,768	$ 12,768
Money market and mutual funds	141,700	141,700
Total investments	$ 154,468	$ 154,468

4. CAPITAL ASSETS

A summary of the changes in capital assets for the fiscal year follows:

	Balance January 1, 2001	Additions	Disposals/ Deletion	Balance December 31, 2001
Capital Assets:				
Land	$ 100,000		$	$ 100,000
Buildings	6,980,580			6,980,580
Building improvements	591,595	$ 96,988		688,583
Equipment and fixtures	190,576	45,562		236,138
Vehicles	29,385			29,385
Total capital assets	7,892,136	142,550		8,034,686
Less accumulated depreciation:				
Buildings	1,977,831	232,686		2,210,517
Building improvements	92,339	35,261		127,600
Equipment and fixtures	70,812	47,375		118,187
Vehicles	8,817	5,877		14,694
Total accumulated depreciation	2,149,799	321,199		2,470,998
Net capital assets	$5,742,337	$ (178,649)	$	$5,563,688

5. DEFINED BENEFIT PENSION PLAN

Plan Description **-** The Conservatory contributes to the Public Employees Retirement System of Ohio (PERS), a cost sharing, multiple employer public employee retirement system. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revise Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. PERS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling 614-266-2085 or 1-800-222-7377.

Funding Policy **-** Plan members are required to contribute 8.5% of their annual covered salary and the Conservatory is required to contribute an actuarially determined rate. The current rate is 13.55% of annual covered payroll. The contribution requirements of plan members and the Conservatory are established and may be amended by PERS Board of Trustees. The Conservatory's contributions to PERS for the years ended December 31, 2001, 2000 and 1999 were approximately $237,000, $169,000 and $159,000, respectively, which were equal to the required contributions each year.

Other Postemployment Benefits **-** PERS also provides postemployment health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. As required by state statue, a portion of each employer's contribution to PERS is set aside for the funding of the post retirement health care. The 2001 employer contribution rate for state employees was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year. The Conservatory's contributions actually made to fund postemployment benefits were approximately $90,000 in 2001. Employer contributions are advance funded on an actuarially determined basis and are determined by state statue. The number of active contributing participants was 411,076. $11,735.9 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $14,364.6 million and $2,628.7 million, respectively.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

Other postemployment benefits (OPEB) are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

6. ACCRUED VACATION AND SICK LEAVE LIABILITY

A summary of changes in the long-term accrued vacation and sick leave follows:

	January 1, 2001	Increases	Decreases	December 31, 2001
Vacation and sick leave	$ 88,758	$ 8,954	$ 0	$ 97,712

7. LEASES

The Conservatory is leasing certain equipment under capital and operating leases. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at December 31, 2001:

	Capital Leases	Operating Leases
2002	$ 4,688	$ 8,996
2003	4,252	8,054
2004	354	3,356
Total minimum lease payments	9,294	$ 20,406
Less: amount representing interest	(1,268)	
Present value of minimum lease payments under capitalized lease	$ 8,026	

The interest rate for capital leases ranged from approximately 11.8% to 14.7% at December 31, 2001. The book value of this equipment at December 31, 2001 was $14,519.

In 2001, the Conservatory had $14,009 in operating lease expense.

8. CONTINGENCIES

Grants **-** Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Conservatory expects such amounts, if any, to be immaterial.

9. 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 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 state-wide 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.

10. ENDOWMENT FUNDS

In 1996, the Women's Sustaining Board created an Endowment Fund (the Fund) for the Conservatory at the Columbus Foundation, an Ohio not-for-profit corporation. As of December 31, 2001, the Fund had assets with a fair value of $149,428. The Fund is included in the Conservatory's financial statements.

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. The Board of Trustees of the Conservatory has reserved the right to suggest to the Committee the manner of distribution of the principal and income of the endowment. As of December 31, 2001, Friends had assets with a fair value of $154,468. Friends is included in the Conservatory's financial statements.

In 2001, Annie's Fund for the Creative Arts created an Endowment Fund for the Conservatory in the form of a collection of Koi (Japanese carp) fish. All donations received for this endowment fund are reserved for the care and support of these fish and their environment. At December 31, 2001 the endowment was valued at $25,000.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Franklin Park Conservatory Joint Recreation District

We have audited the financial statements of the Franklin Park Conservatory Joint Recreation District (the Conservatory) as of and for the year ended December 31, 2001, and have issued our report thereon dated March 8, 2002. We also audited the adjustments described in Note 1 that were applied to restate the 2000 financial statements to give retroactive effect to the change in the method of accounting for the adoption of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenue,* GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus,* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures.* In our opinion, such adjustments are appropriate and have been properly applied. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Conservatory's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Conservatory in a separate letter dated March 8, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Conservatory's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Conservatory in a separate letter dated March 8, 2002.

This report is intended solely for the information and use of the Conservatory's management, the City of Columbus, and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than those specified parties.

DELOITTE & TOUCHE LLP

March 8, 2002

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FRANKLIN 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
JULY 30, 2002