

# **Franklin Park Conservatory Joint Recreation District**

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**Financial Report  
December 31, 2012**





# Dave Yost • Auditor of State

Board of Trustees  
Franklin Park Conservatory Joint Recreation District  
1777 East 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, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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.

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

Dave Yost  
Auditor of State

April 29, 2013

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# **Franklin Park Conservatory Joint Recreation District**

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## Independent Auditor's Report

To the Board of Trustees  
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 year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Franklin Park Conservatory Joint Recreation District'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 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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Franklin Park Conservatory Joint Recreation District as of December 31, 2012 and the respective changes in financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Franklin Park Conservatory  
Joint Recreation District

### **Emphasis of Matter**

As discussed in Note 11 to the basic financial statements, in 2012, the Conservatory adopted GASB Statement Number 61, *The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and No. 34*. As a result, the Franklin Park Conservatory Women's Sustaining Board is now considered a blended component unit in the financial statements, rather than discretely presented.

The Conservatory also adopted GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As a result, "net assets" have now been re-labeled as "net position."

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as identified on pages 3-7, 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 supplemental 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.

The basic financial statements of the Franklin Park Conservatory Joint Recreation District as of and for the year ended December 31, 2011 were audited by a predecessor auditor, which expressed an unqualified opinion on the financial statements. The predecessor auditor's report was dated March 15, 2012.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013 on our consideration of the 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* and should be considered in assessing the results of our audit.

*Plante & Morse, PLLC*

March 19, 2013



# **Franklin Park Conservatory Joint Recreation District**

## **Management's Discussion and Analysis (Unaudited)**

The following 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, 2012 and 2011. Please read it in conjunction with the Conservatory's financial statements, which follow this section. The Franklin Park Conservatory Joint Recreation District is known publically 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 liabilities, with the difference between the two 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 nonoperating 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, 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 Women's Sustaining Board are also included in the financial statements.

### **Operating Highlights**

- Over 177,000 and 191,000 patrons visited the Conservatory during 2012 and 2011, respectively
- Approximately 13,740 hours were donated in 2012 by volunteers, at savings of approximately \$279,000 in labor costs.
- Approximately 400 education programs were offered in 2012. In addition, 700 school groups came to the Conservatory, and there were 15 children's camps held.
- The Conservatory's community outreach program, Growing to Green, added 33 new projects in 2012, bringing the total to 243 gardens started or rejuvenated since the program's inception.

# Franklin Park Conservatory Joint Recreation District

## Management's Discussion and Analysis (Unaudited) (Continued)

### Financial Position

The following summarizes the Conservatory's financial position as of December 31, 2012, 2011, and 2010 (000s omitted).

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Current assets	\$ 1,721	\$ 2,421	\$ 3,235
Capital assets	21,375	22,006	21,322
Other noncurrent assets	<u>519</u>	<u>1,000</u>	<u>1,752</u>
Total assets	<u><b>\$ 23,615</b></u>	<u><b>\$ 25,427</b></u>	<u><b>\$ 26,309</b></u>
<b>Liabilities</b>			
Current liabilities	\$ 1,569	\$ 1,235	\$ 2,023
Noncurrent liabilities	<u>2,195</u>	<u>3,790</u>	<u>4,666</u>
Total liabilities	<u><b>\$ 3,764</b></u>	<u><b>\$ 5,025</b></u>	<u><b>\$ 6,689</b></u>
<b>Net Position</b>			
Net investment in capital assets	\$ 18,905	\$ 17,961	\$ 16,412
Restricted net position	363	373	262
Unrestricted net position	<u>583</u>	<u>2,068</u>	<u>2,946</u>
Total net position	<u><b>\$ 19,851</b></u>	<u><b>\$ 20,402</b></u>	<u><b>\$ 19,620</b></u>

**Current Assets** - The decrease in current assets for 2012 and 2011 is attributed to the collection of pledges receivable for the Capital Campaign, and use of the pledge payments received for construction and bond reduction.

**Capital Assets** - Capital assets, net of disposals, increased \$375,000 during 2012, \$1,691,000 during 2011, and \$219,000 during 2010.

In addition to the Master Plan, the following items were capitalized.

- In 2012, a point of sale system, various pieces of equipment, and one vehicle
- In 2011, renovation of the catering and café kitchen, and an upgrade to the HVAC system
- In 2010, purchase of the Savage Garden Exhibit, Hot Shop equipment, and mall-way lights

Depreciation on capital assets was \$1,046,000 for 2012, \$1,002,000 for 2011, and \$945,000 for 2010.

**Noncurrent Assets** - Pledges for the Master Plan Capital Campaign at present value expected to be realized more than one year from the balance sheet date were \$306,000 for 2012, \$817,000 for 2011, and \$1,476,000 for 2010.

# Franklin Park Conservatory Joint Recreation District

## Management's Discussion and Analysis (Unaudited) (Continued)

**Current Liabilities** - Current liabilities include \$295,000, \$275,000, and \$265,000 for principal payments on the bonds due in 2013, 2012, and 2011, respectively. Notes payable for 2012 and 2010 includes \$125,000 and \$750,000 drawn on the Conservatory's line of credit. The amount drawn on the line of credit at December 31, 2011 was \$0.

**Long-term Liabilities** - Long-term liabilities include bonds payable which were used to finance phase one of the Master Plan. The balances outstanding were \$2,175,000, \$3,770,000, and \$4,645,000 at the end of 2012, 2011, and 2010, respectively.

**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.

### Financial Results

#### Operating Revenue

The following schedule presents a summary of operating revenue for the fiscal years ended December 31, 2012, 2011, and 2010 (000s omitted).

	<u>2012</u>	<u>2011</u>	<u>2010</u>
General admissions	\$ 700	\$ 770	\$ 833
Memberships	385	412	638
Gift shop sales	385	363	466
Facility rentals and café sales	2,001	1,923	1,800
Other income	<u>539</u>	<u>519</u>	<u>266</u>
Total operating revenue	<u>\$ 4,010</u>	<u>\$ 3,987</u>	<u>\$ 4,003</u>

Operating revenue overall has held steady at around \$4,000,000 for 2012, 2011, and 2010. Admissions, memberships, gift shop, and café sales will 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, including education, help to stabilize total operating revenue.

# Franklin Park Conservatory Joint Recreation District

## Management's Discussion and Analysis (Unaudited) (Continued)

### Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended December 31, 2012, 2011, and 2010 (000s omitted).

	2012	2011	2010
Payroll, benefit, and tax	\$ 3,307	\$ 3,185	\$ 3,062
Cost of goods sold	465	483	563
Marketing	211	236	247
Operating supplies	795	600	408
Utilities	357	360	384
Rental expense	140	131	115
Facility expenses	196	244	190
Office and banking	206	205	181
Contracted services and professional fees	748	712	551
Other expenses	362	339	229
Total operating expenses	<u>\$ 6,787</u>	<u>\$ 6,495</u>	<u>\$ 5,930</u>

Personnel expenses increased 4 percent in 2012 and 2011 due to a cost of living increase as well as the increased cost of providing employee benefits.

Cost of goods decreased in 2012 due to cost control and use of products from the Conservatory's gardens. The 2011 decrease was due to lower gift shop sales.

Increases in operating supplies were due to an increase in exhibits expensed, and a larger quantity of horticultural elements within exhibits.

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

Contract services and professional fees increased:

- In 2012, due to the addition of a fundraising event where services were contracted
- In 2011, due to consulting work related to a new logo and website redesign, and the change to contracting of security services previously performed by Conservatory staff

# Franklin Park Conservatory Joint Recreation District

## Management's Discussion and Analysis (Unaudited) (Continued)

### Nonoperating Revenue and Expenses

The following schedule presents a summary of nonoperating revenue and capital contributions for the fiscal years ended December 31, 2012, 2011, and 2010 (000s omitted).

	2012	2011	2010
Nonoperating revenue:			
City revenue	\$ 500	\$ 350	\$ 350
City - Master Plan and other	950	1,300	1,100
County revenue	285	375	475
Donations and grants	1,868	2,390	1,681
Investment income	4	4	4
Total	<u>\$ 3,607</u>	<u>\$ 4,419</u>	<u>\$ 3,610</u>

Donations and grants increased in 2011, in large part due to the Conservatory's financial sustainability campaign.

Contributions identified as City - Master Plan and other, represent campaign gifts for the Master Plan, including capital projects. Verbal Master Plan pledge payments were recognized when received.

Capital expenses were \$218,156, \$51,900, and \$75,716 in 2012, 2011, and 2010, respectively. Capital expenses represent non-capitalizable soft costs related to the Master Plan and other capital projects.

Interest expense was \$116,546, \$206,256, and \$258,444 in 2012, 2011, and 2010, respectively. This expense has decreased each year due to reduced use of the line of credit, and the reduction of bonds payable.

### 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, OH 43203, or at [www.fpconservatory.org](http://www.fpconservatory.org).

# Franklin Park Conservatory Joint Recreation District

## Statement of Net Position

	December 31, 2012	December 31, 2011
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 601,372	\$ 967,405
Investments (Note 2)	4,982	10,373
Receivables (Note 3)	715,251	1,125,904
Prepaid expenses	138,311	54,775
Inventory	99,029	79,804
Total current assets	1,558,945	2,238,261
<b>Noncurrent Assets</b>		
Nondepreciable capital assets (Note 4)	3,782,491	3,610,736
Depreciable capital assets (Note 4)	26,219,074	26,014,126
Accumulated depreciation (Note 4)	(8,626,450)	(7,618,517)
Total capital assets	21,375,115	22,006,345
Restricted cash and cash equivalents (Note 2)	161,929	182,742
Noncurrent receivables (Note 3)	326,538	817,220
Other noncurrent assets	192,317	182,380
Total noncurrent assets	22,055,899	23,188,687
Total assets	<b>\$ 23,614,844</b>	<b>\$ 25,426,948</b>
<b>Current Liabilities</b>		
Line of credit (Note 5)	\$ 125,000	\$ -
Current portion of bonds payable (Note 6)	295,000	275,000
Accounts payable	518,388	365,147
Accrued expenses	266,554	228,942
Deferred revenue and customer deposits	364,290	365,634
Total current liabilities	1,569,232	1,234,723
<b>Noncurrent Liabilities</b>		
Bonds payable (Note 6)	2,175,000	3,770,000
Accrued vacation and sick (Note 6)	19,759	20,646
Total noncurrent liabilities	2,194,759	3,790,646
Total liabilities	3,763,991	5,025,369
<b>Net Position</b>		
Net investment in capital assets	18,905,115	17,961,345
Restricted (Note 10)	362,763	373,385
Unrestricted (Note 10)	582,975	2,066,849
Total net position	19,850,853	20,401,579
Total liabilities and net position	<b>\$ 23,614,844</b>	<b>\$ 25,426,948</b>

# Franklin Park Conservatory Joint Recreation District

## Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended	
	December 31, 2012	December 31, 2011
<b>Operating Revenue</b>		
General admissions	\$ 699,477	\$ 770,315
Membership	385,345	411,498
Gift shop sales	385,116	363,244
Facility rentals	2,001,106	1,923,438
Other	539,343	519,046
Total operating revenue	4,010,387	3,987,541
<b>Operating Expenses</b>		
Salaries and wages	2,678,487	2,598,361
Payroll taxes and benefits	628,638	586,349
Cost of goods sold	464,839	483,076
Marketing	210,645	235,836
Operating supplies	794,845	599,922
Utilities	356,832	359,842
Rental expense	140,234	131,408
Facility expenses	196,275	243,689
Office and banking	206,434	204,824
Contracted services and professional fees	747,556	712,243
Other expense	362,162	339,487
Total operating expenses	6,786,947	6,495,037
<b>Operating Loss - Before depreciation</b>	(2,776,560)	(2,507,496)
<b>Depreciation</b>	1,045,690	1,001,917
<b>Operating Loss</b>	(3,822,250)	(3,509,413)
<b>Nonoperating Revenue (Expenses)</b>		
Intergovernmental revenue:		
City	500,000	350,000
City - Master Plan and other	950,000	1,300,000
County	285,000	375,000
Donations and grants	1,867,599	2,390,399
Investment income	3,627	3,528
Interest expense	(116,546)	(206,256)
Other expense	(218,156)	(51,900)
Insurance recovery	-	130,316
Total nonoperating revenue	3,271,524	4,291,087
<b>(Decrease) Increase in Net Position</b>	(550,726)	781,674
<b>Net Position - Beginning of year - As restated (Note 11)</b>	20,401,579	19,619,905
<b>Net Position - End of year - As restated (Note 11)</b>	<b>\$ 19,850,853</b>	<b>\$ 20,401,579</b>

# Franklin Park Conservatory Joint Recreation District

## Statement of Cash Flows

	Year Ended	
	December 31, 2012	December 31, 2011
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 3,979,657	\$ 4,165,249
Payments to employees	(3,260,753)	(3,177,135)
Payments to others	(3,432,424)	(3,525,167)
Net cash used in operating activities	(2,713,520)	(2,537,053)
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital subsidies from City and County	1,735,000	2,025,000
Donations and grants	2,788,462	3,677,172
Net cash provided by noncapital financing activities	4,523,462	5,702,172
<b>Cash Flows from Capital and Related Financing Activities</b>		
Draw on line of credit, net of payments	125,000	-
Payments on capital Master Plan expenses	(218,156)	(51,900)
Purchase of capital assets	(414,458)	(1,686,043)
Principal paid on notes	-	(750,000)
Proceeds from insurance recovery	-	130,316
Principal paid on bonds	(1,575,000)	(865,000)
Interest paid on bonds	(123,193)	(207,929)
Net cash used in capital and related financing activities	(2,205,807)	(3,430,556)
<b>Cash Flows from Investing Activities</b> - Interest and dividends on cash and investments	9,019	3,522
<b>Net Decrease in Cash and Cash Equivalents</b>	(386,846)	(261,915)
<b>Cash and Cash Equivalents</b> - Beginning of year	1,150,147	1,412,062
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 763,301</u>	<u>\$ 1,150,147</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (3,822,250)	\$ (3,509,413)
Depreciation	1,045,690	1,001,917
Changes in assets and liabilities:		
Receivables	(29,467)	12,966
Inventory	(19,225)	23,263
Prepaid expenses	(83,536)	(14,091)
Accounts payable	153,160	85,510
Deferred revenue and customer deposits	(1,263)	(169,045)
Accrued expenses	43,371	31,840
Net cash used in operating activities	<u>\$ (2,713,520)</u>	<u>\$ (2,537,053)</u>



# Franklin Park Conservatory Joint Recreation District

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## Notes to Financial Statements December 31, 2012 and 2011

### Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Franklin Park Conservatory Joint Recreation District (the "Conservatory") conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Franklin Park Conservatory Joint Recreation District:

#### Reporting Entity

The City of Columbus (the "City") and Franklin County (the "County") agreed in 1990 to establish 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' mayor subject to confirmation by the City Council and six appointed by Franklin County. 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. 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 legal separate entities, in substance, they are part of the Conservatory's operations (see discussion below for description).

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note I - Summary of Significant Accounting Policies (Continued)

#### 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 under GASB Statement No. 61. See Note II for further details.

**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 subsidies. In 2012, the subsidies from the City and County were \$1,735,000, including \$950,000 which represents contributions for the Master Plan and other. In 2011, the subsidies were \$2,025,000, including \$1,300,000 which represents contributions for the Master Plan and other. This represents 23 percent and 24 percent of the Conservatory's 2012 and 2011 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.

**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.

Revenues from charges for services are reported as operating revenues. Transactions, which are capital, financing, or investment related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note I - Summary of Significant Accounting Policies (Continued)

**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 II.

**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 individual 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:

Buildings and building improvements	10 to 30 years
Vehicles	5 to 10 years
Office furnishings	3 to 15 years
Other equipment	3 to 15 years

**Compensated Absences** - It is the Conservatory's policy to allow employees to carryforward 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 revenues 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 bi-monthly of actual results compared to budget. All budget amounts lapse at year end.

# Franklin Park Conservatory Joint Recreation District

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## Notes to Financial Statements December 31, 2012 and 2011

### Note I - 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.

**Accounting and Reporting Change** - During the year, the Conservatory adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Since the Conservatory has no deferred outflows or inflows until adoption of GASB 65 (see Note 12), the impact of the adoption of GASB 63 on the Conservatory is only a change in terminology, from "net assets" to "net position".

The Conservatory also adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement required the Women's Sustaining Board to be blended into the Conservatory's financial statements rather than showing them as a discretely presented component unit. The effect of the adoption has been retroactively applied to the 2011 financial statements for comparative purposes. See Note 11 for further details on the impact of GASB 61 and GASB 63 implementation.

**Reclassifications** - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Reclassifications include amounts for operating and nonoperating revenue, and classification of restricted and non-restricted assets. Other than adopting GASB Statement No. 61, as described above and in Note 11, these reclassifying items did not have an impact on the net position for the Conservatory.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 2 - Deposits and Investments

These amounts are classified into the following deposits and investment categories:

	December 31, 2012		
	Cash and Cash Equivalents	Investments	Retricted Cash and Investments (Note 11)
Deposits with financial institutions	\$ 550,052	\$ -	\$ 161,929
Investments:			
Short-term funds (2a7-like)	40,975	-	-
Common stock	-	4,982	-
Cash on hand	10,345	-	-
Total	<u>\$ 601,372</u>	<u>\$ 4,982</u>	<u>\$ 161,929</u>

  

	December 31, 2011		
	Cash and Cash Equivalents	Investments	Retricted Cash and Investments (Note 11)
Deposits with financial institutions	\$ 916,116	\$ -	\$ 182,742
Investments:			
Short-term funds (2a7-like)	40,944	-	-
Common stock	-	10,373	-
Cash on hand	10,345	-	-
Total	<u>\$ 967,405</u>	<u>\$ 10,373</u>	<u>\$ 182,742</u>

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 STAROhio.

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price at which the investment could be redeemed.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### 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 \$648,390 and \$1,041,251 for the years ended December 31, 2012 and 2011, respectively. All of the bank balances at December 31, 2012 and 2011 were covered by deposit insurance provided by the FDIC.

#### Investments

The Conservatory's investment in STAROhio is not evidenced by securities that exist in physical or book entry form. Investments in STAROhio were rated AAAM by Standard & Poor's. The Conservatory's investment balance with STAROhio was \$40,975 and \$40,944 at December 31, 2012 and 2011, respectively.

The Conservatory held shares of common stock that were gifted to the Conservatory. These shares with fair market values of \$4,982 and \$10,373 at December 31, 2012 and 2011, respectively, were sold by February 2013.

### Note 3 - Receivables

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

	<u>2012</u>	<u>2011</u>
Receivables:		
Short-term pledge receivable	\$ 533,685	\$ 912,155
Other short-term receivables	206,708	237,402
Long-term pledge receivable	357,000	881,520
Less allowance for uncollectibles	(25,142)	(23,653)
Less discount	<u>(30,462)</u>	<u>(64,300)</u>
Net receivables	<u>\$ 1,041,789</u>	<u>\$ 1,943,124</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 4 - Capital Assets

Capital asset activity for the years ended December 31, 2012 and 2011 was as follows:

	Balance January 1, 2012	Transfers	Additions	Disposals	Balance December 31, 2012
Capital assets not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Art collections	3,492,850	-	-	-	3,492,850
Construction in progress	17,886	(164,796)	336,551	-	189,641
Subtotal	3,610,736	(164,796)	336,551	-	3,782,491
Capital assets being depreciated:					
Buildings	19,555,009	-	404	(14,000)	19,541,413
Building improvements	5,086,126	-	3,035	-	5,089,161
Exhibits	186,864	-	-	-	186,864
Equipment and fixtures	1,133,037	164,796	56,489	(17,307)	1,337,015
Vehicles	53,090	-	33,806	(22,275)	64,621
Subtotal	26,014,126	164,796	93,734	(53,582)	26,219,074
Accumulated depreciation	7,618,517	-	1,045,690	(37,757)	8,626,450
Net capital assets being depreciated	18,395,609	164,796	(951,956)	(15,825)	17,592,624
Net capital assets	\$ 22,006,345	\$ -	\$ (615,405)	\$ (15,825)	\$ 21,375,115
	Balance January 1, 2011	Transfers	Additions	Disposals	Balance December 31, 2011
Capital assets not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Art collections	3,492,850	-	-	-	3,492,850
Construction in progress	27,253	(27,253)	17,886	-	17,886
Subtotal	3,620,103	(27,253)	17,886	-	3,610,736
Capital assets being depreciated:					
Buildings	18,128,948	-	1,426,061	-	19,555,009
Buildings and improvements	4,905,522	27,253	169,460	(16,109)	5,086,126
Exhibits	186,864	-	-	-	186,864
Equipment and fixtures	1,049,639	-	86,597	(3,199)	1,133,037
Vehicles	53,090	-	-	-	53,090
Subtotal	24,324,063	27,253	1,682,118	(19,308)	26,014,126
Accumulated depreciation	6,621,946	-	1,001,917	(5,346)	7,618,517
Net capital assets being depreciated	17,702,117	27,253	680,201	(13,962)	18,395,609
Net capital assets	\$ 21,322,220	\$ -	\$ 698,087	\$ (13,962)	\$ 22,006,345

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 5 - Line of Credit

The Conservatory has a revolving credit agreement with Fifth Third Bank for operations. The line was renewed on July 6, 2012 at \$500,000. The line matures on July 5, 2013 and bears an interest rate at LIBOR plus 4.05 percent; the effective rate at December 31, 2012 was 4.30 percent. The Conservatory borrowed \$250,000 during the year for operations and these borrowings are collateralized by all personal property. The Conservatory made payments of \$125,000 during 2012 and has an outstanding balance at December 31, 2012 and 2011 of \$125,000 and \$0, respectively.

### Note 6 - Long-term Debt

Detail of the changes in bonds and compensated absences of the Conservatory for the years ended December 31, 2012 and 2011 were as follows:

	December 31, 2012					
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year	Long-term
2007 variable-rate tax-free bonds	\$ 4,045,000	\$ -	\$ (1,575,000)	\$ 2,470,000	\$ 295,000	\$ 2,175,000
Accumulated compensated absences	36,533	12,106	(16,774)	31,865	16,774	19,759
Total long-term obligations	<u>\$ 4,081,533</u>	<u>\$ 12,106</u>	<u>\$ (1,591,774)</u>	<u>\$ 2,501,865</u>	<u>\$ 311,774</u>	<u>\$ 2,194,759</u>
	December 31, 2011					
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year	Long-term
2007 variable-rate tax-free bonds	\$ 4,910,000	\$ -	\$ (865,000)	\$ 4,045,000	\$ 275,000	3,770,000
Accumulated compensated absences	43,454	22,373	(29,294)	36,533	15,887	20,646
Total long-term obligations	<u>\$ 4,953,454</u>	<u>\$ 22,373</u>	<u>\$ (894,294)</u>	<u>\$ 4,081,533</u>	<u>\$ 290,887</u>	<u>\$ 3,790,646</u>

During 2007, the Conservatory issued \$7,100,000 of variable-rate tax-free bonds through the Columbus-Franklin County Finance Authority. The proceeds of this issue were used for construction of new facilities. The bonds are secured by a letter of credit issued by a bank, and are redeemable prior to maturity at the option of the Conservatory.



# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 6 - Long-term Debt (Continued)

In 2007, the Conservatory entered into pay-fixed, receive-variable interest rate swap agreements with a total notional amount of \$5,600,000 to hedge the changes in fair value of the variable-rate, tax-free Series 2007 bonds. The Conservatory makes semiannual fixed payments to the counterparty that pay a rate of 3.85 percent, increasing to 3.98 percent by February 2014 when the swap agreements expire, and receives variable payments based on the weekly USD-BMA Municipal Swap Index. At December 31, 2012 and 2011, the fair value of the interest rate swaps was considered immaterial and was not recorded in the financial statements.

**Interest Rate Risk** - The Conservatory is exposed to interest rate risk on its interest rate swap agreements. On its pay-fixed, receive-variable interest rate swap, as the weekly USD-BMA Municipal Swap Index decreases, the Conservatory's net payment on the swap increases.

**Basis Risk** - The Conservatory is exposed to basis risk on its pay-fixed, receive-variable interest rate swap agreements because the variable rate payments received by the Conservatory on these hedging derivative instruments are based on an index other than the interest rates the Conservatory pays on its hedged variable-rate debt, which is remarketed weekly. As of December 31, 2012 and 2011, the weighted average interest rate on the Conservatory's hedged variable-rate debt was 0.28 percent and 0.26 percent, respectively, while the USD-BMA Municipal Swap Index rate was 0.1 percent and 0.1 percent at December 31, 2012 and 2011, respectively.

**Termination Risk** - The Conservatory or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

**Rollover Risk** - The Conservatory is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Conservatory will be re-exposed to the risks being hedged by the hedging derivative instrument. The Conservatory is exposed to rollover risk on the pay-fixed, receive-variable interest rate swap scheduled to mature in February 2014, because the hedged debt is scheduled to mature in June 2020.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 6 - Long-term Debt (Continued)

Total interest expense for the years ended December 31, 2012 and 2011 was approximately \$112,000 and \$187,000, respectively. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Business-type Activities		
	Principal	Interest	Total
2013	\$ 295,000	\$ 239,750	\$ 534,750
2014	305,000	210,000	515,000
2015	325,000	179,000	504,000
2016	340,000	146,250	486,250
2017	355,000	111,750	466,750
2018-2020	850,000	117,500	967,500
Total	<u>\$ 2,470,000</u>	<u>\$ 1,004,250</u>	<u>\$ 3,474,250</u>

### 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 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.

### Note 8 - Defined Benefit Pension Plan

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.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 8 - Defined Benefit Pension Plan (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional 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 Ohio Revised Code. 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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The 2012 and 2011 member contribution rates were 10 percent of covered payroll for members in state and local classifications. The 2012 and 2011 employer contribution rate for state and local employers was 14 percent of covered payroll. Total contributions paid by the Conservatory were approximately \$370,000, \$353,000, and \$338,000 in 2012, 2011, and 2010, respectively, which were equal to the required contributions each year.

### Note 9 - Other Postemployment Benefits

**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 health care coverage.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code 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 Ohio Revised Code.

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.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 9 - Other Postemployment Benefits (Continued)

**Funding Policy** - The Ohio Revised Code 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 health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care 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 health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during 2012. The OPERS board of trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the Conservatory's contribution used to fund OPEB was approximately \$111,000, \$101,000, and \$122,000 for 2012, 2011, and 2010, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS board of trustees on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

### Note 10 - Net Position

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

	2012	2011
Columbus Foundation	\$ 187,484	\$ 177,547
Restricted - Various purposes	85,017	105,660
Growing to Green Program	33,473	33,439
Annie's Fund	56,789	56,739
Total	<u>\$ 362,763</u>	<u>\$ 373,385</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 10 - Net Position (Continued)

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 investments.

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 the restricted cash and investments.

In 2006, the Growing to Green Fund 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 investments.

Unrestricted net position of the Conservatory at December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Designated for capital projects	\$ 867,070	\$ 2,019,132
Designated for financial sustainability	416,252	417,000
Undesignated	<u>(700,337)</u>	<u>(369,283)</u>
Total unrestricted net position	<u>\$ 582,985</u>	<u>\$ 2,066,849</u>

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. 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. The donations are designated for the purposes of the Master Plan and payment of the bonds.

During 2010, the Conservatory launched the Financial Sustainability Campaign. A total of \$25,000 and \$1,047,000 was received or pledged in 2012 and 2011, respectively, for the purpose of improving working capital, establishing a facility fund, and retiring debt. In 2012, \$25,748 of the funds was used to fund a capital project. In 2011, \$750,000 of the funds was used to reduce the line of credit to \$0.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 11 - Change in Accounting

During the current year, the Conservatory adopted GASB Statement Number 61, *The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and No. 34*. As a result, the Women's Board is now considered a blended component unit in the financial statements, rather than discretely presented.

During the current year, the Conservatory adopted GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As a result, "net assets" have now been re-labeled as "net position."

The financial statements for the year ended December 31, 2011 have been restated in order to retroactively apply the new principles from adopting GASB Number 61. The effect of this correction was to increase net position as of January 1, 2011 and December 31, 2011 for the effect of including the Women's Board as a blended component unit.

The effects of these changes are as follows:

Net position - January 1, 2011 - As previously reported	\$ 19,587,828
Adjustment for implementation of GASB No. 61 related to presenting the Women's Board as a blended component unit	<u>32,077</u>
Net position - January 1, 2011 - As restated	<u>\$ 19,619,905</u>
Net position - December 31, 2011 - As previously reported	\$ 20,363,727
Adjustment for implementation of GASB No. 61 related to presenting the Women's Board as a blended component unit	<u>37,852</u>
Net position - December 31, 2011 - As restated	<u>\$ 20,401,579</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 12 - Blended Component Units

As of December 30, 2012, the condensed statement of net position for the blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
<b>Current Assets</b>	\$ 752,431	\$ 51,915
<b>Noncurrent Assets</b>		
Non-depreciable capital assets	3,483,400	-
Other noncurrent assets	398,205	-
Total noncurrent assets	3,881,605	-
Total assets	\$ 4,634,036	\$ 51,915
<b>Current Liabilities</b>	\$ -	\$ 29,455
<b>Net Position</b>		
Net investment in capital assets	3,483,400	-
Restricted	71,667	-
Unrestricted	1,078,969	22,460
Total net position	4,634,036	22,460
Total liabilities and net position	\$ 4,634,036	\$ 51,915

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2012 and 2011

### Note 12 - Blended Component Units (Continued)

As of December 31, 2012, the condensed statement of revenue, expenses, and changes in net position for the blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
Operating revenue	\$ 3,475	\$ 47,226
Operating expense	9,249	123,930
<b>Operating Loss</b>	<b>(5,774)</b>	<b>(76,704)</b>
<b>Nonoperating Revenue (Expenses)</b>		
Donations and grants	673,081	275,807
Operating support to other entities	(1,786,661)	(214,495)
Total nonoperating (expense) revenue	(1,113,580)	61,312
<b>Decrease in Net Position</b>	<b>(1,119,354)</b>	<b>(15,392)</b>
<b>Net Position - Beginning of year</b>	<b>5,753,389</b>	<b>37,852</b>
<b>Net Position - End of year</b>	<b>\$ 4,634,035</b>	<b>\$ 22,460</b>

As of December 31, 2012, the condensed statement of cash flows for the two blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
Net cash used in operating activities	\$ (23,924)	\$ (83,224)
Net cash (used in) provided by noncapital financing	(202,962)	61,313
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(226,886)</b>	<b>(21,911)</b>
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>517,419</b>	<b>57,606</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 290,533</b>	<b>\$ 35,695</b>



# **Franklin Park Conservatory Joint Recreation District**

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## **Notes to Financial Statements December 31, 2012 and 2011**

### **Note 13 - Upcoming Accounting Pronouncements**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Conservatory in fiscal year 2013.

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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*

To the Board of Trustees  
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") which comprise the statement of financial position as of December 31, 2012 and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated March 19, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Franklin Park Conservatory Joint Recreation District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity'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.

To the Board of Trustees  
Franklin Park Conservatory  
Joint Recreation District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Franklin Park Conservatory Joint Recreation District'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*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of trustees and management of the Conservatory and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Morse, PLLC*

Columbus, Ohio  
March 19, 2013



# Dave Yost • Auditor of State

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  
MAY 9, 2013