



Dave Yost • Auditor of State

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Five Rivers MetroParks
Montgomery County
409 East Monument Avenue
Dayton, Ohio 45402

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Five Rivers MetroParks, Montgomery County, (MetroParks) as of and for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, MetroParks prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of MetroParks as of December 31, 2013, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Five Rivers MetroParks, Montgomery County as of December 31, 2013, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2014, on our consideration of MetroParks' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MetroParks' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

October 8, 2014

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**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Levy Funds	\$14,362,645			\$14,362,645
Intergovernmental Receipts	3,257,762	\$1,721,586	\$36,560	5,015,908
Charges for Services	887,612	36,500		924,112
Investment Earnings	162,333	505		162,838
Gifts and Donations		159,760		159,760
Miscellaneous	439,626	76,300		515,926
Total Cash Receipts	<u>19,109,978</u>	<u>1,994,651</u>	<u>36,560</u>	<u>21,141,189</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	11,526,561	31,996		11,558,557
Supplies	955,002	10,607		965,609
Contracts	1,077,821			1,077,821
Intergovernmental	505,585			505,585
Other Disbursements	2,353,507	50,365		2,403,872
Capital Outlay	526,944	1,963,277	583,557	3,073,778
Total Cash Disbursements	<u>16,945,420</u>	<u>2,056,245</u>	<u>583,557</u>	<u>19,585,222</u>
Excess of Receipts Over (Under) Disbursements	<u>2,164,558</u>	<u>(61,594)</u>	<u>(546,997)</u>	<u>1,555,967</u>
Other Financing Receipts (Disbursements):				
Transfers In	222,940	159,853	466,562	849,355
Transfers Out	(626,415)	(222,940)		(849,355)
Other Financing Sources	157,211			157,211
Total Other Financing Receipts (Disbursements)	<u>(246,264)</u>	<u>(63,087)</u>	<u>466,562</u>	<u>157,211</u>
Net Change in Fund Cash Balances	1,918,294	(124,681)	(80,435)	1,713,178
Fund Cash Balances, January 1	<u>8,877,068</u>	<u>1,842,019</u>	<u>994,687</u>	<u>11,713,774</u>
Fund Cash Balances, December 31:				
Restricted		1,666,665		1,666,665
Committed		50,673	914,252	964,925
Assigned	718,042			718,042
Unassigned (Deficit)	10,077,320			10,077,320
Fund Cash Balances, December 31	<u>\$10,795,362</u>	<u>\$1,717,338</u>	<u>\$914,252</u>	<u>\$13,426,952</u>

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

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**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Five Rivers MetroParks, Montgomery County, (MetroParks) as a body corporate and politic. The probate judge of Montgomery County appoints a three-member Board of Commissioners to govern MetroParks. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

The James M. Cox, Jr. Arboretum Foundation (the Foundation) is also associated with MetroParks. The Foundation is a not for profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The primary objective of the Foundation is to provide an "living museum" for the Dayton community where people of all ages can come to learn about and engage with nature. The Foundation supports the management and operation of Cox Arboretum MetroPark. Further information regarding this organization can be obtained by writing James M. Cox, Jr. Arboretum Foundation, 6733 Springboro Pike, Dayton, Ohio 45449 or by phone at (937) 434-9005.

The Foundation is considered a component unit of MetroParks because the economic resources received or held by the Foundation are entirely for the direct benefit of MetroParks. MetroParks, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the Foundation. The economic resources received or held by the Foundation that MetroParks, is entitled to, or has the ability to otherwise access, are significant to MetroParks.

MetroParks' management believes these financial statements present all activities for which MetroParks is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. MetroParks recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposit and Investments

As the Ohio Revised Code permits, the Montgomery County Treasurer holds MetroParks' deposits as MetroParks' custodian. The County holds MetroParks' assets in its investment pool, valued at the Treasurer's reported carrying amount.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

MetroParks uses fund accounting to segregate cash and investments that are restricted as to use. MetroParks classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. MetroParks had the following significant Special Revenue Funds:

State and Local Grants Fund – This fund receives proceeds from state agencies and donations. These proceeds are mainly used for capital projects and maintenance of MetroParks' capital items.

Federal Grant Fund – This fund was established for the purpose of paying expenditures and recording revenues for federal programs.

RiverScape Replacement Reserve Fund – This fund receives proceeds from various local governments. These proceeds are used to reimburse MetroParks for large expenses at RiverScape MetroPark.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. MetroParks had the following significant capital project fund:

Five Rivers MetroParks Capital (Construction) Fund – This fund receives proceeds primarily from General Fund transfers. The proceeds are being used to fund various park capital projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. MetroParks Board must annually approve appropriation measures and subsequent amendments.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires MetroParks to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2013 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Non-spendable

MetroParks classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Commissioners can *commit* amounts via formal action (resolution). MetroParks must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by MetroParks' Commissioners or a MetroParks official delegated that authority by resolution, or by State Statute.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

MetroParks applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

MetroParks records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,880,220	\$19,490,129	\$1,609,909
Special Revenue	6,495,010	2,154,504	(4,340,506)
Capital Projects		503,122	503,122
Total	<u>\$24,375,230</u>	<u>\$22,147,755</u>	<u>(\$2,227,475)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,026,781	\$18,289,877	\$736,904
Special Revenue	7,445,951	2,677,906	4,768,045
Capital Projects	1,350,657	826,175	524,482
Total	<u>\$27,823,389</u>	<u>\$21,793,958</u>	<u>\$6,029,431</u>

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

3. PROPERTY TAX

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

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

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

4. RETIREMENT SYSTEMS

MetroParks' employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013, OPERS members in classifications other than law enforcement contributed 10% of their gross salaries. Members in law enforcement classifications, which consists generally of park rangers, contributed 12.6% of their gross salaries in 2013. MetroParks contributed an amount equaling 14% of participants' gross salaries for members other than law enforcement. MetroParks contributed an amount equal to 18.1% of participants' gross salaries for members of law enforcement. MetroParks has paid all contributions required through December 31, 2013.

5. RISK MANAGEMENT

A. Risk Pool Membership

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

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

MetroParks belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

B. Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

5. Risk Management (Continued)

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

C. Financial Position

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

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

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, MetroParks' share of these unpaid claims collectible in future years is approximately \$141,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2012	2013
\$201,377	\$195,526

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. CONTINGENT LIABILITIES

MetroParks is defendant in two lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect MetroParks' financial condition.

Amounts grantor agencies pay to MetroParks are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

7. FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which MetroParks is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the General Fund, Special Revenue Funds and Capital Outlay Fund for the year ended December 31, 2013, are presented as follows:

Fund Balance	General Fund	Special Revenue Funds	Capital Outlay Funds	Total Governmental Funds
Restricted for:				
Federal Fund		\$1,318,549		\$1,318,549
State & Local Grants Fund		281,528		281,528
Law Enforcement Fund		25,688		25,688
Federal Equitable Sharing		5,375		5,375
State Forfeitures		35,525		35,525
Total Restricted		<u>1,666,665</u>		<u>1,666,665</u>
Committed:				
RiverScape Replacement Fund		687		687
Wetland Mitigation Bank Fund		49,986		49,986
Construction Fund			\$914,252	914,252
Total Committed		<u>50,673</u>	<u>914,252</u>	<u>964,925</u>
Assigned:				
Other Purposes	\$718,042			718,042
Unassigned (Deficit)	10,077,320			10,077,320
Total Fund Balances	<u>\$10,795,362</u>	<u>\$1,717,338</u>	<u>\$914,252</u>	<u>\$13,426,952</u>

8. INTERFUND ACTIVITY

The following is a summary of the interfund activity for the year ended December 31, 2013.

	Transfers In	Transfers Out
General Fund	\$222,940	\$626,415
Special Revenue Fund	159,853	222,940
Capital Fund	466,562	
Total	<u>\$849,355</u>	<u>\$849,355</u>

Transfers were made from the General fund to the Capital Projects Fund, Riverscape Replacement Reserve, and the Federal, State and Local Grant Funds to stabilize these funds. Transfers were also made from the State and Local Grant fund to the General fund to reimburse the General fund for unspent transfers related to the local share of a grant.

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**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child and Adult Care Food Program	3L80	10.558	\$26,315
Summer Food Service Program for Children	3L60	10.559	<u>10,305</u>
Total U.S. Department of Agriculture			<u>36,620</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	12N095 MOT-MAD-RIVR	20.205	<u>1,074,152</u>
Total U.S. Department of Transportation			<u>1,074,152</u>
Total Federal Awards Expenditures			<u><u>\$1,110,772</u></u>

The accompanying notes are an integral part of this schedule.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Five Rivers Metroparks' (the Metroparks') federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Metroparks commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Metroparks assumes it expends federal monies first.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the Metroparks to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Metroparks has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Five Rivers MetroParks
Montgomery County
409 East Monument Avenue
Dayton, Ohio 45402

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Five Rivers MetroParks, Montgomery County, (MetroParks) as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated October 8, 2014 wherein we noted MetroParks followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

October 8, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Five Rivers MetroParks
Montgomery County
409 East Monument Avenue
Dayton, Ohio 45402

To the Board of Park Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Five Rivers MetroParks' (the MetroParks) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Five Rivers MetroParks' major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the MetroParks' major federal program.

Management's Responsibility

The MetroParks' Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the MetroParks' compliance for the MetroParks' major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the MetroParks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the MetroParks' major program. However, our audit does not provide a legal determination of the MetroParks' compliance.

Opinion on the Major Federal Program

In our opinion, the MetroParks complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The MetroParks' management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the MetroParks' internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the MetroParks' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 8, 2014

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction (CFDA # 20.205)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

FIVE RIVERS METROPARKS

MONTGOMERY 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
OCTOBER 21, 2014**