



Dave Yost • Auditor of State



**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY  
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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Trumbull County MetroParks  
Trumbull County  
347 N. Park Avenue  
Warren, OH 44481

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Trumbull County MetroParks, Trumbull County, (the MetroParks) as of and for the years ended December 31, 2013 and 2012.

### ***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 the MetroParks's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the MetroParks's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note B of the financial statements, the 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 requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B 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 the MetroParks as of December 31, 2013 and 2012, or changes in financial position thereof for the years 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 Trumbull County MetroParks, Trumbull County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years 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 B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2014, on our consideration of the MetroParks's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MetroParks's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 2, 2014

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Rents and Royalties	\$ 15,896		\$ 15,896
Intergovernmental	98,281		98,281
Gifts and Donations	450	\$ 12,100	12,550
Miscellaneous	13,883		13,883
<b>Total Cash Receipts</b>	<u>128,510</u>	<u>12,100</u>	<u>140,610</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	35,763		35,763
Supplies and Materials	7,015		7,015
Contracted Services	40,658		40,658
Other	7,940		7,940
Capital Outlay	31,576		31,576
<b>Total Cash Disbursements</b>	<u>122,952</u>		<u>122,952</u>
<b>Total Receipts Over Disbursements</b>	<u>5,558</u>	<u>12,100</u>	<u>17,658</u>
<b>Fund Cash Balances, January 1, 2013</b>	<u>37,055</u>	<u>198,984</u>	<u>236,039</u>
<b><u>Fund Cash Balances, December 31, 2013</u></b>			
Restricted		211,084	211,084
Unassigned (Deficit)	42,613		42,613
<b>Fund Cash Balances, December 31</b>	<u>\$ 42,613</u>	<u>\$ 211,084</u>	<u>\$ 253,697</u>

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

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Rents and Royalties	\$ 14,689		\$ 14,689
Intergovernmental	86,602		86,602
Gifts and Donations		\$ 5,335	5,335
Miscellaneous	12,986		12,986
<b>Total Cash Receipts</b>	<b>114,277</b>	<b>5,335</b>	<b>119,612</b>
<b>Cash Disbursements:</b>			
Salaries and Benefits	34,419		34,419
Supplies and Materials	21,907		21,907
Contracted Services	55,876	22,533	78,409
Other	8,770		8,770
Capital Outlay	4,819		4,819
<b>Total Cash Disbursements</b>	<b>125,791</b>	<b>22,533</b>	<b>148,324</b>
<b>Total Receipts (Under) Disbursements</b>	<b>(11,514)</b>	<b>(17,198)</b>	<b>(28,712)</b>
<b>Fund Cash Balances, January 1, 2012</b>	<b>48,569</b>	<b>216,182</b>	<b>264,751</b>
<b><u>Fund Cash Balances, December 31, 2012</u></b>			
Restricted		198,984	198,984
Unassigned (Deficit)	37,055		37,055
<b>Fund Cash Balances, December 31</b>	<b>\$ 37,055</b>	<b>\$ 198,984</b>	<b>\$ 236,039</b>

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



**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 the Trumbull County MetroParks, Trumbull County, (the MetroParks) as a body corporate and politic. The probate judge of Trumbull County appoints a five-member Board of Commissioners to govern the 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 MetroParks's management believes these financial statements present all activities for which the 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. The 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 Trumbull County Treasurer holds the MetroParks's deposits as the MetroParks's custodian. The County holds the MetroParks's assets in its investment pool, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The MetroParks uses fund accounting to segregate cash and investments that are restricted as to use. The 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. The MetroParks had the following significant Special Revenue Fund:

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

Western Reserve Greenway Trail Fund – This fund received proceeds from a donation from the Friends of the Western Reserve Greenway for financial support to help with maintenance of current bike trail and implementation and construction of Phase IV of the Western Reserve Greenway.

**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. The MetroParks Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the 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 2012 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

The MetroParks classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**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). The 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.

**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.

The 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**

The 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.

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$185,443	\$128,510	(\$56,933)
Special Revenue	198,984	12,100	(186,884)
Total	\$384,427	\$140,610	(\$243,817)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,686	\$122,952	\$60,734
Special Revenue	193,648	0	193,648
Total	\$377,334	\$122,952	\$254,382

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,089	\$114,277	(\$43,812)
Special Revenue	214,385	5,335	(209,050)
Total	\$372,474	\$119,612	(\$252,862)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$144,592	\$125,791	\$18,801
Special Revenue	214,385	22,533	191,852
Total	\$358,977	\$148,324	\$210,653

**7. Retirement Systems**

The MetroParks's employee belongs 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 and 2012, the OPERS member contributed 10% and 10%, respectively, of their gross salaries and the MetroParks contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The MetroParks has paid all contributions required through December 31, 2013.

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Risk Management**

**Risk Pool Membership**

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

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

The 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. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$ 34,389,569	\$ 33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Assets – Unrestricted	\$ 20,181,216	\$ 19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Risk Management – (Continued)**

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 financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
<b><u>2012</u></b>	<b><u>2011</u></b>
\$4,138	\$3,670

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 (via certified mail) 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 expense become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# 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

Trumbull County MetroParks  
Trumbull County  
347 N. Park Avenue  
Warren, Ohio 44481

To the Board of Directors:

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 Trumbull County MetroParks, Trumbull County, (the MetroParks) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated April 2, 2014 wherein we noted the 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 the 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 the 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 the 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the 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 the MetroParks internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the 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 "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 2, 2014



**TRUMBULL COUNTY METROPARKS  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

**1. Misposting of Receipts**

<i>Finding Number</i>	2013-001
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**SIGNIFICANT DEFICIENCY**

All receipts and expenditures should be properly classified as to the type of revenue or expenditure. Sound financial reporting is the responsibility of the fiscal officer and the MetroParks Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following revenue and expenditure mispostings were noted in the Parks' accounting records:

1. In 2013, the Parks posted \$1,503 of gas well royalties to Miscellaneous Receipts instead of to Rents and Royalties.
2. In 2012 and 2013, the Park posted \$75,000 and \$95,000, respectively, to Other Financing Sources instead of to Intergovernmental Receipts.
3. In 2012 and 2013, the Parks posted the double posting employee health care costs of \$637 and \$681 to Other Financing Sources instead of recording correction to the disbursement line item.
4. In 2012, the Parks posted an \$11,602 ODNR grant receipt to Miscellaneous Receipts instead of to Intergovernmental Receipts.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year. The Park has made the necessary changes to the accompanying financial statements to correct these mispostings.

The Park District Board should adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Park District, thereby increasing the reliability of the financial data throughout the year.

**Official's Response:** No response provided.

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# Dave Yost • Auditor of State

## TRUMBULL COUNTY METROPARKS

### TRUMBULL COUNTY

#### CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 22, 2014