



Dave Yost • Auditor of State

**SUMMIT METRO PARKS
SUMMIT COUNTY
DECEMBER 31, 2016 and 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Summit Metro Parks
Summit County
975 Treaty Line Road
Akron, Ohio 44313

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Summit Metro Parks, Summit County, (the Park District) as of and for the years ended December 31, 2016 and 2015.

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 Park District'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 Park District'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 opinions.

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

As described in Note 1B of the financial statements, the Park District 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Park District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 Park District as of December 31, 2016 and 2015, 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 the Summit Metro Parks, Summit County, as of December 31, 2016 and 2015, 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2017, on our consideration of the Park District'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 Park District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

Summit Metro Parks
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$13,996,577		\$13,996,577
Charges for Services	372,239		372,239
Fines, Licenses and Permits	11,747		11,747
Intergovernmental	1,882,793	\$371,095	2,253,888
Earnings on Investments	112,071		112,071
Donations	62,199		62,199
Merchandise Sales	114,975		114,975
Royalties Revenue		5,631	5,631
Rental Income	8,416		8,416
Miscellaneous	300,719		300,719
<i>Total Cash Receipts</i>	<u>16,861,736</u>	<u>376,726</u>	<u>17,238,462</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Employee Wages and Benefits	10,149,660		10,149,660
Supplies, Materials and Services	3,213,059		3,213,059
Other Expenses	731,328		731,328
Capital Outlay			
Equipment	713,377		713,377
Development	2,523,953		2,523,953
Land Purchase	5,348,529		5,348,529
Projects		15,950	15,950
<i>Total Cash Disbursements</i>	<u>22,679,906</u>	<u>15,950</u>	<u>22,695,856</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,818,170)</u>	<u>360,776</u>	<u>(5,457,394)</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(710,052)		(710,052)
Advances In	189,239	517,000	706,239
Advances Out	(517,000)	(189,239)	(706,239)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,037,813)</u>	<u>327,761</u>	<u>(710,052)</u>
<i>Net Change in Fund Cash Balances</i>	(6,855,983)	688,537	(6,167,446)
<i>Fund Cash Balances, January 1</i>	<u>13,660,553</u>	<u>172,254</u>	<u>13,832,807</u>
Fund Cash Balances, December 31			
Restricted	37,214	860,791	898,005
Committed	841,708	0	841,708
Assigned	874,397	0	874,397
Unassigned (Deficit)	5,051,251	0	5,051,251
<i>Fund Cash Balances, December 31</i>	<u>\$6,804,570</u>	<u>\$860,791</u>	<u>\$7,665,361</u>

See accompanying notes to the basic financial statements

Summit Metro Parks
Summit County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Internal Service Funds
For the Year Ended December 31, 2016

	Internal Service
Operating Cash Receipts	
Charges for Services	\$669,844
<i>Total Operating Cash Receipts</i>	<i>669,844</i>
Operating Cash Disbursements	
Claims	1,212,474
Other	284,294
<i>Total Operating Cash Disbursements</i>	<i>1,496,768</i>
<i>Operating Income (Loss)</i>	<i>(826,924)</i>
Transfers In	710,052
<i>Change in Fund Cash Balances</i>	<i>(116,872)</i>
<i>Fund Cash Balances, January 1</i>	<i>116,872</i>
<i>Fund Cash Balances, December 31</i>	<i>\$0</i>

See accompanying notes to the basic financial statements

**SUMMIT METRO PARKS
SUMMIT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 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 Summit Metro Parks, (the Park District) as a body corporate and politic. The probate judge of Summit County appoints a five-member Board of Commissioners to govern the Park District. 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.

Component Unit

The Summit Metro Parks Foundation (the Foundation) is a not-for-profit organization with a self-appointed board. The Park District is not financially accountable for the organization, nor does the Park District approve the budget or the issuance of debt of the organization. The Foundation is organized exclusively for the charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Park District and to further the Park District's charitable purposes.

A Board of Trustees consisting of five (5) interested persons residing in the State of Ohio manages the Foundation's affairs and determines how Foundation money is spent. During 2016, five Commissioners served on the Foundation's Board. The Foundation has unaudited receipts of \$377,561, unaudited expenditures of \$91,920 and an unaudited fund balance of \$5,233,698.

The Park District's management believes these financial statements present all activities for which the Park District is financially accountable.

B. Accounting Basis

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

As the Ohio Revised Code permits, the Summit County Fiscal Officer holds the Park District's deposits as the Park District's custodian. The County holds the Park District's assets in its investment pool, valued at the Fiscal Officer's reported carrying amount. The carrying amount of deposits and investments at December 31 was \$7,665,361.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Park District uses fund accounting to segregate cash and investments that are restricted as to use. The Park District 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. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. 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. The Park District had the following significant capital project funds:

Clean Ohio Fund: This fund was established to account for Ohio Public Works Commission Clean Ohio Conservation Fund used for acquisition of green space and the protection and enhancement of river and stream corridors.

Ohio Erie Canal Towpath Fund: This fund was established to account for Ohio Erie Canal Funding used to provide development and enhancement of pedestrian and biking trails.

U.S. Fish and Wildlife Habitat Fund: This fund was established to account for United States Fish and Wildlife funding used for the restoration of sport fishing habitats.

Ohio Department of Transportation-Transportation Enhancement Fund: This fund was established to account for Ohio Department of Transportation funding used for the construction of pedestrian bridges and multipurpose trails.

National Park Service Fund: This fund was established to account for National Park Service funding used for Cuyahoga Valley cooperative wildlife management.

3. Internal Service Fund: This fund accounts for services provided by one department to other departments of the Park District. The Park District's only internal service fund accounted for the operation of the Park District's self-insurance program for medical and dental benefits.

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 Board of Commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 Board of Commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 2.

G. Fund Balance

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

1. Nonspendable

The Park District classifies assets as *nonspendable* 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). The Park District 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.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Park District Commissioners or a Park District 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 Park District 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.

H. Capital Assets

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

I. Accumulated Vacation and Sick Leave

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

NOTE 2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,191,105	\$23,906,958	\$ 5,284,147
Capital Projects	517,000	205,189	311,811
Internal Service	1,550,000	1,496,768	
Total	\$31,258,105	\$25,608,915	\$ 5,649,190

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$16,947,392	\$17,050,975	\$103,583
Capital Projects	525,000	893,726	368,726
Internal Service	1,500,000	1,379,896	(120,104)
Total	\$18,972,392	\$19,324,597	\$352,205

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 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 the Park District.

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

NOTE 4. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Park District's full-time 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 2016, OPERS members contributed 10% of their gross salaries and the Park District contributed an amount equaling 14% and of participants' gross salaries. The Park Rangers contributed 13.0% of their gross salaries and the Park District contributed 18.10% of Park Rangers' gross salaries for 2016. The Park District has paid all contributions required through December 31, 2016.

NOTE 5. RISK MANAGEMENT

Commercial Insurance

The Park District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Park District did not reduce insurance coverage from the previous year and settlements did not exceed insurance coverage in any of the previous three fiscal years.

Self Insurance

The Park District was self-insured for employee medical insurance coverage until August 1, 2016, when it became fully-insured with County of Summit, Ohio Regionalization Program. The Park District remains self-insured for dental and vision insurance only. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:

	<u>2016</u>	<u>2015</u>
Cash and investments	\$0	\$116,872
Actuarial liabilities	78,223	196,544

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Park District 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.

NOTE 7. INTERFUND ADVANCES

The General Fund advances monies into Capital Project Funds for the purpose of paying allowable grant expenditures for the current year. Additionally, returns of advances are made from the Capital Project funds to repay the General Fund advances. Outstanding advances at December 31, 2016, consisted of \$860,791 advanced to capital funds to provide working capital for operations or projects.

NOTE 8. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Amounts identified as:	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Restricted for:			
Freedom Trail III	\$0	\$500,000	\$500,000
Land Purchase or Park Maintenance	0	29,051	29,051
Twinsburg Bog Expansion	0	331,740	331,740
Endowment for Youth Fishing	<u>37,214</u>	<u>0</u>	<u>37,214</u>
Total Restricted	<u>37,214</u>	<u>860,791</u>	<u>898,005</u>
Committed to:			
Consultation	284,554	0	284,554
Planning & Development	515,317	0	515,317
Maintenance Materials	10,000	0	10,000
Contract Services	<u>31,837</u>	<u>0</u>	<u>31,837</u>
Total Committed	<u>841,708</u>	<u>0</u>	<u>841,708</u>
Assigned to:			
Bridge Inspections	12,077	0	12,077
Other Purposes	<u>862,230</u>	<u>0</u>	<u>862,230</u>
Total Assigned	<u>874,397</u>	<u>0</u>	<u>874,397</u>
Unassigned	<u>5,051,251</u>	<u>0</u>	<u>5,051,251</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 6,804,570</u>	<u>\$860,791</u>	<u>\$ 7,665,361</u>

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016
(Continued)**

NOTE 9. TRANSFERS

During 2016, the following transfers were made:

<u>Transfer from</u>	<u>Transfer to</u>		
	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
General	\$0	\$710,052	\$710,052

The above mentioned Transfer To/From was used to move receipts from the general fund required to collect property tax revenue to the internal service fund required to pay self-insured health care expenses in accordance with budgetary authorizations. Transfers from the general fund into the internal service fund were in compliance with Ohio Revised Code to pay for the Park District's self-insurance program.

NOTE 10. POSTEMPLOYMENT BENEFITS

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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Summit Metro Parks
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$13,931,609		\$13,931,609
Charges for Services	373,489		373,489
Fines, Licenses and Permits	9,427		9,427
Intergovernmental	1,897,521	\$32,690	1,930,211
Earnings on Investments	5,288		5,288
Donations	38,067		38,067
Merchandise Sales	105,201		105,201
Royalties Revenue		6,680	6,680
Rental Income	8,816		8,816
Miscellaneous	247,617		247,617
<i>Total Cash Receipts</i>	<u>16,617,035</u>	<u>39,370</u>	<u>16,656,405</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Employee Wages and Benefits	9,473,833		9,473,833
Supplies, Materials and Services	3,339,182		3,339,182
Other Expenses	801,877		801,877
Capital Outlay		8,303	8,303
Equipment	725,115		725,115
Development	3,119,908		3,119,908
Land Purchase	2,646,869		2,646,869
<i>Total Cash Disbursements</i>	<u>20,106,784</u>	<u>8,303</u>	<u>20,115,087</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,489,749)</u>	<u>31,067</u>	<u>(3,458,682)</u>
Other Financing Receipts (Disbursements)			
Transfers In	4,000		4,000
Transfers Out	(667,224)	(4,000)	(671,224)
Advances In	54,990	157,284	212,274
Advances Out	(157,284)	(54,990)	(212,274)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(765,518)</u>	<u>98,294</u>	<u>(667,224)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,255,267)</u>	<u>129,361</u>	<u>(4,125,906)</u>
<i>Fund Cash Balances, January 1</i>	<u>17,915,820</u>	<u>42,893</u>	<u>17,958,713</u>
Fund Cash Balances, December 31			
Restricted	46,911	172,254	219,165
Committed	598,930	0	598,930
Assigned	11,279,488	0	11,279,488
Unassigned (Deficit)	1,735,224	0	1,735,224
<i>Fund Cash Balances, December 31</i>	<u>\$13,660,553</u>	<u>\$172,254</u>	<u>\$13,832,807</u>

See accompanying notes to the basic financial statements

Summit Metro Parks
Summit County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Internal Service Funds
For the Year Ended December 31, 2015

	Internal Service
Operating Cash Receipts	
Charges for Services	\$1,137,992
<i>Total Operating Cash Receipts</i>	1,137,992
Operating Cash Disbursements	
Claims	1,340,064
Other	348,280
<i>Total Operating Cash Disbursements</i>	1,688,344
<i>Operating Income (Loss)</i>	(550,352)
Transfers In	667,224
<i>Change in Fund Balance</i>	116,872
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$116,872

See accompanying notes to the basic financial statements

**SUMMIT METRO PARKS
SUMMIT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015

NOTE 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 Summit Metro Parks, (the Park District) as a body corporate and politic. The probate judge of Summit County appoints a five-member Board of Commissioners to govern the Park District. 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.

Component Unit

The Summit Metro Parks Foundation (the Foundation) is a not-for-profit organization with a self-appointed board. The Park District is not financially accountable for the organization, nor does the Park District approve the budget or the issuance of debt of the organization. The Foundation is organized exclusively for the charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to operate exclusively for the benefit of the Park District and to further the Park District's charitable purposes.

A Board of Trustees consisting of five (5) interested persons residing in the State of Ohio manages the Foundation's affairs and determines how Foundation money is spent. During 2015, five Commissioners served on the Foundation's Board. The Foundation has unaudited receipts of \$71,695, unaudited expenditures of \$36,309 and an unaudited fund balance of \$4,948,057.

The Park District's management believes these financial statements present all activities for which the Park District is financially accountable.

B. Accounting Basis

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

As the Ohio Revised Code permits, the Summit County Fiscal Officer holds the Park District's deposits as the Park District's custodian. The County holds the Park District's assets in its investment pool, valued at the Fiscal Officer's reported carrying amount. The carrying amount of deposits and investments at December 31 was \$13,949,680.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Park District uses fund accounting to segregate cash and investments that are restricted as to use. The Park District 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. **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. The Park District had the following significant capital project funds:

Ohio EPA Restoration Fund: This fund was established to account for Ohio Environmental Protection Agency funding used to restore Pond and Stream Habitats.

Ohio Erie Canal Towpath Fund: This fund was established to account for Ohio Erie Canal Funding used to provide development and enhancement of pedestrian and biking trails.

U.S. Fish and Wildlife Habitat Fund: This fund was established to account for United States Fish and Wildlife funding used for the restoration of sport fishing habitats.

Ohio Department of Transportation-Transportation Enhancement Fund: This fund was established to account for Ohio Department of Transportation funding used for the construction of pedestrian bridges and multipurpose trails.

3. **Internal Service Fund:** This fund accounts for services provided by one department to other departments of the Park District. The Park District's only internal service fund accounted for the operation of the Park District's self-insurance program for medical and dental benefits.

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 Board of Commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Nonspendable

The Park District classifies assets as *nonspendable* 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). The Park District 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 Park District Commissioners or a Park District 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.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Park District 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. Capital Assets

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

H. Accumulated Vacation and Sick Leave

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

NOTE 2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,224,198	\$20,931,292	\$ 11,292,906
Capital Projects	157,284	67,293	89,991
Internal Service	1,736,300	1,688,344	47,956
Total	<u>\$34,117,782</u>	<u>\$22,686,929</u>	<u>\$ 11,430,853</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$16,901,970	\$16,676,025	\$(225,945)
Capital Projects	197,974	196,654	(1,320)
Internal Service	0	1,805,216	1,805,216
Total	<u>\$17,099,944</u>	<u>\$18,677,895</u>	

NOTE 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 the Park District.

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

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 4. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Park District's full-time 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 2015, OPERS members contributed 10% of their gross salaries and the Park District contributed an amount equaling 14% and of participants' gross salaries. The Park Rangers contributed 13.0% of their gross salaries and the Park District contributed 18.10% of Park Rangers' gross salaries for 2015. The Park District has paid all contributions required through December 31, 2015.

NOTE 5. RISK MANAGEMENT

Commercial Insurance

The Park District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Park District did not reduce insurance coverage from the previous year and settlements did not exceed insurance coverage in any of the previous three fiscal years.

Self Insurance

The Park District is self-insured for employee health insurance coverage. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:

	2015	2014
Cash and investments	\$116,872	\$0
Actuarial liabilities	196,544	320,844

NOTE 6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Park District 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.

NOTE 7. INTERFUND ADVANCES

The General Fund advances monies into Capital Project Funds for the purpose of paying allowable grant expenditures for the current year. Additionally, returns of advances are made from the Capital Project funds to repay the General Fund advances. Outstanding advances at December 31, 2015, consisted of \$172,254 advanced to capital funds to provide working capital for operations or projects.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 8. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Amounts identified as:	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Restricted for:			
Freedom Trail II	\$0	\$148,834	\$148,834
Land Purchase or Park Maintenance	0	23,420	23,420
Endowment for Youth Fishing	<u>46,911</u>	<u>0</u>	<u>46,911</u>
Total Restricted	<u>46,911</u>	<u>172,254</u>	<u>219,165</u>
Committed to:			
Consultation	424,819	0	424,819
Planning & Development	152,630	0	152,630
Ecological Studies	2,250	0	2,250
Advertising	1,700	0	1,700
Equipment	7,671	0	7,671
Maintenance Materials	4,714	0	4,714
Contract Services	<u>5,146</u>	<u>0</u>	<u>5,146</u>
Total Committed	<u>598,930</u>	<u>0</u>	<u>598,930</u>
Assigned to:			
Bridge Inspections	10,094	0	10,094
Other Purposes	<u>11,269,394</u>	<u>0</u>	<u>11,269,394</u>
Total Assigned	<u>11,279,488</u>	<u>0</u>	<u>11,279,488</u>
Unassigned	<u>1,735,224</u>	<u>0</u>	<u>1,735,224</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 13,660,553</u>	<u>\$172,254</u>	<u>\$ 13,832,807</u>

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015
(Continued)**

NOTE 9. Transfers

During 2015, the following transfers were made:

	Transfer to		
<u>Transfer from</u> General	<u>Capital Projects</u> \$0	<u>Internal Service</u> \$667,224	<u>Total</u> \$667,224

The above mentioned Transfer To/From was used to move receipts from the general fund required to collect property tax revenue to the internal service fund required to pay self-insured health care expenses in accordance with budgetary authorizations. Transfers from the general fund into the internal service fund were in compliance with Ohio Revised Code to pay for the Park District's self-insurance program.

NOTE 10. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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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

Summit Metro Parks
Summit County
975 Treaty Line Road
Akron, Ohio 44313

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 cash balances, receipts, and disbursements by fund type of the Summit Metro Parks, Summit County, (the Park District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 8, 2017 wherein we noted the Park District 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 Park District's 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 Park District's 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 Park District's 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider findings 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Park District's 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*.

Park District's Response to Findings

The Park District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Park District's responses and, accordingly, we express no opinion on them.

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 Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Park District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2017

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	2016-001
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Material Weakness – Compilation of Annual Financial Report

Although properly recorded within the Park District financial accounting system, when compiling the 2015 Annual Financial Report, the Chief of Finance believed a \$10,000 grant posted to the General Fund was part of the Ohio & Erie Canal Association (OECA) grant and made an adjustment directly to the financial statements. After further investigation \$10,000 was from the Summit County Community Grant, which is not a Federal grant; therefore, the adjustment made by the Chief of Finance was incorrect. As a result, due to the lack of formal review, the General Fund's Intergovernmental Revenue was understated and the Transfer-In was overstated and the Capital Project Fund's Intergovernmental Revenue was overstated and the Transfers Out was understated. The financial statements were adjusted to properly reflect the grant activity.

In addition, according to the Official Certificate of Estimated Resources Amendment 2, the General Fund Budgeted Receipts was \$16,947,392; however, the 2016 Budgetary Activity note disclosure was improperly reported as \$15,298,558 resulting in an understatement of \$1,648,834. The financial statements note disclosure was adjusted to properly reflect the budgeted receipts.

The Park District should ensure the grant monies are properly reported within the proper fund. In addition, all note disclosure amounts should agree to the supported documentation. In order to facilitate the proper overall reporting, the Park District should establish procedures for an additional level of report review.

Official's Response: Grant monies were properly recorded at the county and park. OECA grants can be local, state or federal money. The Chief of Finance was given the information that the OECA grant was money received from the National Heritage Area which is federal money from the US Dept. of Interior. The \$10,000 grant was not material to the general fund but only the federal fund since it has a \$0 balance. The park has put in place internal controls for grant funding.

The 2016 budgetary activity note disclosure for the general fund budgeted receipts did not include the \$1,500,000 transfer from the general fund into the self- insurance fund. The \$1,500,000 is not an additional resource, but being paid out of the general fund property taxes and was included on the budgeted receipts in the internal service fund. After meeting with the Auditor of State, it is understood that the \$1,500,000 should be included in both the general fund and also in the internal service fund on the budgeted receipts.

The Chief of Finance has established procedures for an additional level of report review. The park district will be consulting with an external certified public accountant and government consultant.

<i>Finding Number</i>	2016-002
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Material Weakness - Self Insurance Employer Contribution Rates

Sound financial reporting is the responsibility of the Chief of Finance and Board of Park Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Park District maintained a Self Insurance program during the years 2015 and 2016 that required the payment of employer contributions to assist with the funding of the Self Insurance Program. The contribution rates for the employer portion of this program were established by the Park District's Third Party Administrator of the program and provided to the Summit County Fiscal Officer (the County) for financial accounting purposes.

Although the employer rates for the majority of the Park District's employees were properly entered in the County's financial accounting system, due to the lack of final review of a contribution rate report, the employer rate for the Park District's Rangers who selected "Employee Only" coverage was not accurate in the County's financial accounting system and therefore, the employer contributions which were assessed to the Park District for Self Insurance were overstated by \$42,872 in 2016 and \$68,855 in 2015.

The Metro Parks should establish procedures to help ensure the employer Self Insurance rates are properly included in the County's financial accounting system and accurately reported on the resulting Park District financial statements.

Official's Response: The medical Self Insurance rates were handled directly between the Third Party Administrator of the health plan and the Fiscal Office Payroll Department. The employee health care deduction amounts are balanced biweekly at the Park District against the Fiscal Office amount reported to them. The employer health care deduction amounts reported for W-2 purposes are handled by the Fiscal Office. As of August 1, 2016, the park is part of the county's fully insured regionalization program which handles the rates directly. The Park District has put in place a procedure to download and check biweekly the employer premium rates that the County is deducting per employee.

**SUMMIT METRO PARKS
SUMMIT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code §5705.42 – Relating to state grant monies spent by ODOT on behalf of the Park District (also see finding number 2014-002 immediately below.	Corrected	N/A
2014-002	OMB Circular A-133 §300(a) – The Park District did not record on-behalf grant payments in 2014.	Corrected	N/A

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**SUMMIT METRO PARKS
SUMMIT COUNTY
CORRECTIVE ACTION PLAN
DECEMBER 31, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Procedures have been established for an additional level of report review. A report review will be required for the 2017 financial statements. Please see official's response on the Schedule of Findings.	February 2018	Chief of Finance
2016-002	The Park District is now fully insured and has established procedures to check the employer premium rates charged by their Fiscal Agent. Please see official's response on the Schedule of Findings.	August 2017	Chief of Finance

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SUMMIT METRO PARKS

SUMMIT 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 10, 2017**