

METROPARKS OF BUTLER COUNTY

BUTLER COUNTY

Preparation Report

For the Year Ended December 31, 2018



Metroparks of Butler County
Butler County
For the Year Ended December 31, 2018

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INDEPENDENT ACCOUNTANT'S REPORT

Metroparks of Butler County
Butler County
2051 Timberman Road
Hamilton, Ohio 45013

To the Board of Park Commissioners:

We have prepared the accompanying Financial Statements and Notes to the Financial Statements of the Metroparks of Butler County, Butler County, for the year ended December 31, 2018 in accordance with Statements and Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A preparation is limited to presenting in the form of financial statements and notes, information that is the representation of management. We have not audited or reviewed the accompanying financial statements or notes and, accordingly, do not express an opinion or any other form of assurance on them.

Sincerely,



Charles E. Harris & Associates, Inc.
March 1, 2019

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Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The management's discussion and analysis of the Metroparks of Butler County, Butler County, Ohio's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2018, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- For 2018, the total net cash position of the District decreased \$353,569, which represents a 10.9% decrease from 2017.
- For 2018, general cash receipts accounted for \$6,822,342 or 77.6% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,969,291 or 22.4% of total governmental activities cash receipts.
- For 2018, the District had \$9,145,202 in cash disbursements related to governmental activities; \$1,969,291 of these cash disbursements were offset by program specific charges for services, operating grants contributions and interest and capital grants and contribution. General cash receipts (primarily property taxes) of \$6,822,342 were inadequate to provide for these programs.
- The District's only major fund is the general fund. The general fund had cash receipts of \$7,787,366 in 2018. The cash disbursements of the general fund totaled \$8,213,563 in 2018. The general fund's cash balance decreased \$426,197 from 2017 to 2018.

Using this Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there is only one major governmental fund. The general fund is the only significant major fund.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
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Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position – cash basis and the statement of activities – cash basis answer the question, how did we do financially during 2018? These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net position and changes in that net position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and deferred outflows of resources and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows of resources are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position – cash basis and the statement of activities – cash basis, governmental activities include the District's programs and services, including general administration. Property taxes and state and federal grants finance most of these activities.

The statement of net position – cash basis and the statement of activities – cash basis can be found on pages 11-12 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and clean ohio conservation fund. The analysis of the District's major governmental funds begins on page 8.

Metroparks of Butler County
Butler County
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(Unaudited)

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 13-14 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position – cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at December 31, 2018 and December 31, 2017.

	<u>Net Cash Position</u>	
	Governmental Activities 2018	Governmental Activities 2017
Assets		
Equity in pooled cash and cash equivalents	\$ 2,888,435	\$ 3,242,002
Total assets	<u>2,888,435</u>	<u>3,242,002</u>
Net Position		
Restricted	95,329	856,327
Unrestricted	<u>2,793,106</u>	<u>2,385,675</u>
Total net position	<u>\$ 2,888,435</u>	<u>\$ 3,242,002</u>

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
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(Unaudited)

For 2018, the total net cash position of the District decreased \$353,569, which represents a 10.9% decrease. The balance of government-wide unrestricted net cash position of \$2,793,106 at December 31, 2018 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for 2018 and 2017.

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2018</u>	<u>2017</u>
Cash receipts		
Program cash receipts:		
Charges for services	\$ 965,024	\$ 823,209
Operating grants and contributions	1,171	-
Capital grants and contributions	<u>1,003,096</u>	<u>178,990</u>
Total program cash receipts	<u>1,969,291</u>	<u>1,002,199</u>
General cash receipts:		
Property taxes levied for:		
General purposes	4,741,044	4,703,710
Grants and entitlements not restricted to specific programs	1,919,608	1,703,967
Gifts and donations	86,879	13,542
Interest	57,379	47,302
Miscellaneous	17,432	132,591
Refunding bonds	-	3,718,000
Total general cash receipts	<u>6,822,342</u>	<u>10,319,112</u>
Total cash receipts	<u>8,791,633</u>	<u>11,321,311</u>
Cash disbursements		
Conservation/recreation	7,843,415	5,286,297
Capital outlay	556,180	3,828,922
Debt service	<u>745,607</u>	<u>1,155,953</u>
Total cash disbursements	<u>9,145,202</u>	<u>10,271,172</u>
Change in net cash position	(353,569)	1,050,139
Net cash position at beginning of year	<u>3,242,004</u>	<u>2,191,863</u>
Net cash position at end of year	<u>\$ 2,888,435</u>	<u>\$ 3,242,002</u>

Governmental Activities

Governmental cash position decreased by \$353,569 in 2018 from 2017.

In 2018, charges for services were \$965,024, operating grants and contributions were \$1,171 and capital grants and contributions were \$1,003,096 of the District.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
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(Unaudited)

In 2018, conservation/recreation disbursements were \$7,843,415, or 85.8% of total governmental cash disbursements.

The statement of activities – cash basis shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Cash disbursements				
Conservation/recreation	\$ 5,939,154	\$ 4,936,058	\$ 5,286,297	\$ 4,802,380
Capital outlay	2,460,441	1,494,246	3,828,922	3,411,220
Debt service	<u>745,607</u>	<u>745,607</u>	<u>1,155,953</u>	<u>1,055,373</u>
Total	<u>\$ 9,145,202</u>	<u>\$ 7,175,911</u>	<u>\$ 10,271,172</u>	<u>\$ 9,268,973</u>

The dependence upon general cash receipts for governmental activities is apparent; with 78.5% of cash disbursements supported through taxes and other general cash receipts during 2018.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$2,888,435 which is \$353,569 less than last year's total of \$3,242,004. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2018 and December 31, 2017, for all major and nonmajor governmental funds.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

	<u>Fund Cash Balance</u>		Increase (Decrease)
	December 31, <u>2018</u>	December 31, <u>2017</u>	
Major funds			
General	\$ 2,793,106	\$ 3,219,303	\$ (426,197)
Other nonmajor governmental funds	<u>95,329</u>	<u>22,699</u>	<u>72,630</u>
 Total	 <u>\$ 2,888,435</u>	 <u>\$ 3,242,002</u>	 <u>\$ (353,567)</u>

During 2018, the District's fund cash balance decreased \$353,569. This increase can primarily be attributed to the activity of the general fund. The general fund experienced higher cash disbursements during 2018 due to an increase in capital spending.

General Fund

The general fund, the District's only major fund, had cash receipts of \$7,787,366 in 2018. The cash disbursements of the general fund totaled \$8,213,563 in 2018. The general fund's cash balance decreased \$426,197 from 2017 to 2018.

The table that follows assists in illustrating cash receipts of the general fund for 2018 and 2017.

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
	<u>Amount</u>	<u>Amount</u>	
Cash Receipts			
General property taxes	\$ 4,741,044	\$ 4,703,710	0.79 %
Intergovernmental	1,919,608	1,703,967	12.66
Program income	965,024	823,209	17.23
Gifts and donations	86,879	13,542	541.55
Interest	57,379	47,302	21.30
Other	<u>17,432</u>	<u>132,591</u>	(86.85)
 Total	 <u>\$ 7,787,366</u>	 <u>\$ 7,424,321</u>	 4.89 %

During 2018, the cash receipts of the general fund increased \$363,045 or 4.9%. This increase can mainly be attributed to an increase in donations and merchandise sales.

Budgeting Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. For 2018, the general fund original and final budget basis receipts and other financing sources were \$7,853,678 and \$8,478,521, respectively. Actual cash receipts and other financing sources of \$7,787,366 were less than final budget estimates by \$691,155. The final budgetary basis disbursements and other financing uses of \$8,250,316 were \$79,583 less than original and final budgets of \$8,329,899.

Metroparks of Butler County
Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had cash disbursements related to the acquisitions of property, plant and equipment in the amount of \$2,460,441 during 2018.

Debt Administration

The District had long-term obligations totaling \$4,044,624 outstanding at December 31, 2018. Note 9 to the financial statements provides more information.

Current Financial Related Activities

The District is responsible for acquiring, developing, protecting and maintaining park lands and facilities. The District's mission is to provide a superior park system that maximizes the community's quality of life through conservation, education, and recreation. The District continues to seek grant funding and maximize local tax dollars to achieve its mission.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan R. Granville, Executive Director, 2051 Timberman Road, Hamilton, Ohio 45013.

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Metroparks of Butler County
Butler County
Statement of Net Position - Cash Basis
December 31, 2018
(Unaudited)

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 2,888,435
Total assets	2,888,435
Net Position	
Restricted for:	
Capital projects	9,078
Debt service	154
Other purposes	86,097
Unrestricted	2,793,106
Total net position	\$ 2,888,435

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Statement of Activities - Cash Basis
December 31, 2018
(Unaudited)

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Leisure time activities:					
Salaries and benefits	\$ 3,516,631	\$ -	\$ -	\$ -	\$ (3,516,631)
Materials and supplies	556,180	-	-	1,003,096	446,916
Equipment	216,730	-	-	-	(216,730)
Contracted services	1,430,452	-	-	-	(1,430,452)
Utilities	153,175	-	-	-	(153,175)
Other	65,986	-	-	-	(65,986)
Capital Outlay	2,460,441	965,024	1,171	-	(1,494,246)
Debt service:					
Principal retirement	587,781	-	-	-	(587,781)
Interest and fiscal charges	157,826	-	-	-	(157,826)
Total governmental activities	\$ 9,145,202	\$ 965,024	\$ 1,171	\$ 1,003,096	(7,175,911)
General Receipts					
Property and other taxes levied for:					
					4,741,044
General purposes					
Grants and entitlements not restricted					
to specific programs					1,919,608
Gifts and donations					86,879
Interest					57,379
Miscellaneous					17,432
Total general receipts					6,822,342
Change in net position					(353,569)
Net position beginning of year					3,242,004
Net position end of year					\$ 2,888,435

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2018
(Unaudited)

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash and cash equivalents	\$ 2,793,106	\$ 95,329	\$ 2,888,435
Total assets	<u>2,793,106</u>	<u>95,329</u>	<u>2,888,435</u>
Fund Balances			
Restricted	-	146,564	146,564
Committed	-	159	159
Assigned	635,302	-	635,302
Unassigned	<u>2,157,804</u>	<u>(51,394)</u>	<u>2,106,410</u>
Total fund balances	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2018
(Unaudited)

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
From local sources:			
General property taxes	\$ 4,741,044	\$ -	\$ 4,741,044
Intergovernmental	1,919,608	680,778	2,600,386
Grants	-	322,318	322,318
Program income	965,024	-	965,024
Gifts and donations	86,879	-	86,879
Interest	57,379	1,171	58,550
Other	17,432	-	17,432
Total receipts	7,787,366	1,004,267	8,791,633
Disbursements			
Current:			
Salaries and benefits	3,516,631	-	3,516,631
Materials and supplies	556,180	-	556,180
Equipment	216,730	-	216,730
Contracted services	892,174	538,278	1,430,452
Utilities	153,175	-	153,175
Other	65,986	-	65,986
Capital Outlay	2,178,157	282,284	2,460,441
Principal Retirement	35,981	551,800	587,781
Interest and Fiscal Charges	-	157,826	157,826
Total disbursements	7,615,014	1,530,188	9,145,202
Excess of receipts over (under) disbursements	172,352	(525,921)	(353,569)
Other financing sources (uses)			
Transfers in	-	598,549	598,549
Transfers out	(598,549)	-	(598,549)
Advances in	191,591	191,591	383,182
Advances out	(191,591)	(191,591)	(383,182)
Total other financing sources (uses)	(598,549)	598,549	-
Net change in fund balance	(426,197)	72,628	(353,569)
Fund balances beginning of year	3,219,303	22,701	3,242,004
Fund balances end of year	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018
(Unaudited)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
General property taxes	\$ 3,630,174	\$ 3,701,354	\$ 4,741,044	\$ 1,039,690
Intergovernmental	1,469,826	1,498,646	1,919,608	420,962
Program income	2,358,509	2,808,034	965,024	(1,843,010)
Gifts and donations	212,331	252,801	86,879	(165,922)
Interest	140,234	166,962	57,379	(109,583)
Other	42,604	50,724	17,432	(33,292)
Total receipts	7,853,678	8,478,521	7,787,366	(691,155)
Disbursements				
Current:				
Salaries and benefits	3,441,902	3,441,902	3,810,015	(368,113)
Improvements	663,337	663,337	602,581	60,756
Equipment	258,486	258,486	234,811	23,675
Professional services	1,064,065	1,064,065	966,606	97,459
Utilities and fees	182,686	182,686	165,954	16,732
Office operations	78,699	78,699	71,491	7,208
Program/recreation	2,597,811	2,597,811	2,359,875	237,936
Worker's compensation	42,913	42,913	38,983	3,930
Total disbursements	8,329,899	8,329,899	8,250,316	79,583
Excess of receipts under disbursements	(476,221)	148,622	(462,950)	(611,572)
Other financing sources (uses)				
Transfers out	(598,549)	(598,549)	(598,549)	-
Advances in	-	-	191,591	191,591
Advances out	-	-	(191,591)	(191,591)
Total other financing sources (uses)	(598,549)	(598,549)	(598,549)	-
Net change in fund balance	(1,074,770)	(449,927)	(1,061,499)	(611,572)
Fund balance at beginning of year	2,887,244	2,887,244	2,887,244	-
Prior year encumbrances appropriated	332,059	332,059	332,059	-
Fund balance at end of year	<u>\$ 2,144,533</u>	<u>\$ 2,769,376</u>	<u>\$ 2,157,804</u>	<u>\$ (611,572)</u>

See accompanying notes to the financial statements.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Metroparks of Butler County, Butler County, Ohio (the District), as a body corporate and politic. The probate judge of Butler County appoints a three-member Board of Commissioners to govern the 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.

Public Entity Risk Pool

The District participates in the Ohio Risk Plan Management, Inc. (OPRM), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. All of the activities of the District are considered governmental type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the general receipts of the District.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the funds of the District are presented in three categories: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the District are financed. The following is the District's major governmental fund:

General 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.

The other governmental funds of the District account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Commissioners may appropriate.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Board. The legal level of control has been established by the Board at the fund, department, and object level for all funds. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Cash with a Fiscal Agent

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

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the the Board or a District official delegated that authority by resolution, or by State statute. State Statute authorizes the District Clerk/Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board can also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

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

The 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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). For 2018, the outstanding encumbrances at year end (budgetary basis) amounted to \$635,302 for the general fund.

Note 4 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2018 for real and public utility property taxes represent collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected and intended to finance 2019.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 – Property Taxes (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 real property taxes.

The full tax rates for all District operations for the year ended December 31, 2018, were \$4.76 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2018 property tax receipts were based are as follows:

	2018 <u>Collection Year</u>
Real Property	
Residential and Agricultural	\$ 6,052,935,270
Commercial, industrial and minerals	1,692,503,630
Public Utility	1,697,130
Tangible Personal Property	
Public Utility Personal	<u>513,525,820</u>
Total Assessed Value	<u>\$ 8,260,661,850</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The County Auditor periodically remits to the District its portion of the taxes collected.

Note 5 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (latest information available).

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 5 – Risk Management (continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 6 – Transfers

Transfers

During 2018, the following transfers were made:

Transfer to	Transfer from
	General
Other Nonmajor Governmental Funds	\$ 598,549

The above mentioned Transfers From/To were to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations⁷

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$399,760 for year 2018.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits (continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2018.

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

The District had the following outstanding debt as of December 31, 2018:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
PNC Special Revenue Bonds, Series 2017	3.8-4.1%	-	2022
Stander Trust General Obligation Notes, Series 2003	0.00%	-	2022
PNC Special Revenue Bonds, Series 2012	4.45%	-	2022

The District’s long-term debt activity for the year ended December 31, 2018 was as follows:

	Interest Rates	Balance at 1/1/2018	Increase	Decrease	Balance at 12/31/2018	Due in 1 Year
Governmental Activities:						
Stander Trust GO Notes	0.00%	\$ 187,780	\$ -	\$ (37,556)	\$ 150,224	\$ 37,556
PNC Bonds, Series 2012	3.8-4.1%	400,000	-	(80,000)	320,000	80,000
PNC Bonds, Series 2017	4.45%	3,646,200	-	(71,800)	3,574,400	471,800
Total Governmental Activities		\$ 4,233,980	\$ -	\$ (189,356)	\$ 4,044,624	\$ 589,356

The Stander Trust General Obligation Notes, Series 2003 were used to finance the purchase of land to be used for future development. The Series 2003 Notes carry no interest. Payments are made from the general fund and the note matures in 2022.

The PNC Special Revenue Bonds, Series 2012 were used to finance the multi-purpose athletic fields project at Voice of America Park. The Series 2012 Bonds carry an interest rate of 4.45%. Payments are made from the capital projects fund and the bond matures in 2022.

The PNC Special Revenue Bonds, Series 2017 were used to refinance Series 2008 Special Revenue Bonds and for capital projects. The Series 2017 Bonds carry an interest rate between 3.80% and 4.10%. Payments are made from the bond fund and the bond matures in 2022.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018 are as follows:

Year Ending December 31:	PNC, Series 2017		PNC, Series 2012		GO Notes, Series 2003	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 471,800	\$ 121,877	\$ 37,556	\$ -	\$ 80,000	\$ 14,240
2020	471,800	103,433	37,556	-	80,000	10,680
2021	471,800	84,989	37,556	-	80,000	7,120
2022	471,800	66,545	37,556	-	80,000	3,560
Total	\$ 1,887,200	\$ 376,844	\$ 150,224	\$ -	\$ 320,000	\$ 35,600

Metroparks of Butler County
Butler County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 - Contingent Liabilities

The District may be a defendant in lawsuits. Although the outcome of any lawsuit is not presently determinable, the resolution of any matter will not have a material adverse effect on the financial condition of the District.

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

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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:

	2018	Other	Total
Fund Balances	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<u>Restricted for</u>			
Capital improvements	\$ -	\$ 146,564	\$ 146,564
Total restricted	-	146,564	146,564
<u>Committed</u>			
Debt service	-	154	154
Other purposes	-	5	5
Total committed	-	159	159
<u>Assigned</u>			
Encumbrances	<u>635,302</u>	-	<u>635,302</u>
Unassigned	<u>2,157,804</u>	<u>(51,394)</u>	<u>2,106,410</u>
Total fund balances	<u>\$ 2,793,106</u>	<u>\$ 95,329</u>	<u>\$ 2,888,435</u>