

# **Franklin Park Conservatory Joint Recreation District**

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**Financial Report  
December 31, 2014**





# Dave Yost • Auditor of State

Board of Trustees  
Franklin Park Conservatory Joint Recreation District  
1777 East Broad Street  
Columbus, Ohio 43203

We have reviewed the *Independent Auditor's Report* of the Franklin Park Conservatory Joint Recreation District, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin Park Conservatory Joint Recreation District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 18, 2015

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# **Franklin Park Conservatory Joint Recreation District**

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## Independent Auditor's Report

To the Finance Committee  
Franklin Park Conservatory Joint Recreation District

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

We have audited the accompanying financial statements of Franklin Park Conservatory Joint Recreation District (the "Conservatory") as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Franklin Park Conservatory Joint Recreation District as of December 31, 2014 and 2013 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Finance Committee  
Franklin Park Conservatory Joint Recreation District

**Other Matters**

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin Park Conservatory Joint Recreation District's basic financial statements. The combining schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The combining schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin Park Conservatory Joint Recreation District's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

March 20, 2015

# **Franklin Park Conservatory Joint Recreation District**

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

The following Management's Discussion and Analysis (MD&A) section of the Franklin Park Conservatory Joint Recreation District's (the "Conservatory") financial report represents a discussion and analysis of the Conservatory's financial performance during the fiscal years ended December 31, 2014 and 2013. Please read it in conjunction with the Conservatory's financial statements, which follow this section. Franklin Park Conservatory Joint Recreation District is known publicly as Franklin Park Conservatory and Botanical Gardens.

### **Overview of the Financial Statements**

The Conservatory accounts for all transactions under a single enterprise fund and the financial statements are prepared using proprietary fund (enterprise fund) accounting. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used. Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Conservatory is improving or deteriorating.

The statement of revenue, expenses, and changes in net position reports the operating revenue and expenses and nonoperating revenue and expenses of the Conservatory for the fiscal year with the difference being combined with any capital contributions to determine the change in net position for the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year's cash and cash equivalents balance reconciled to the cash and cash equivalents balance at the end of the current fiscal year.

The activities of the Friends of the Conservatory and Women's Sustaining Board are also included in the financial statements.

### **Operating Highlights**

- Over 178,000 and 181,000 patrons visited the Conservatory during 2014 and 2013, respectively.
- Volunteers donated approximately 13,526 hours of service to the Conservatory in 2014, saving approximately \$305,000 in labor costs.



# Franklin Park Conservatory Joint Recreation District

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

- In 2014, the Conservatory's educational activities were consolidated into the newly created Community Outreach and Education department. Highlights for 2014 included a farmer's market that served over 3,000 neighborhood customers, hosting the American Horticultural Society's annual National Children & Youth Gardening Symposium, and serving over 20,000 adults and children through the various educational activities of the department.
- Bruce Munro: Light ended in March 2014. This special exhibition brought over 25,000 visitors to the Conservatory in 2014, and over 49,000 visitors for the exhibition's entire run from September 2013 through March 2014.

### Financial Position

The following summarizes the Conservatory's financial position as of December 31, 2014, 2013, and 2012 (000s omitted).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Current assets	\$ 2,950	\$ 2,664	\$ 1,559
Capital assets	20,188	20,448	21,375
Other noncurrent assets	1,711	2,023	1,043
Total assets	<u>\$ 24,849</u>	<u>\$ 25,135</u>	<u>\$ 23,977</u>
<b>Liabilities</b>			
Current liabilities	\$ 3,945	\$ 2,182	\$ 1,569
Noncurrent liabilities	367	1,889	2,557
Total liabilities	<u>\$ 4,312</u>	<u>\$ 4,071</u>	<u>\$ 4,126</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 18,318	\$ 18,273	\$ 18,905
Restricted net position	348	454	363
Unrestricted net position	1,871	2,336	583
Total net position	<u>\$ 20,537</u>	<u>\$ 21,063</u>	<u>\$ 19,851</u>

**Current Assets** - The increase in current assets from 2012 to 2013 is the result of additional capital dollars that were received in 2013 but had not been expended by end of year. The increase in current assets from 2013 to 2014 is due to the collection of cash for capital campaigns net of a decrease in prepaid expenses attributable to the realization of Bruce Munro exhibition expense.

# Franklin Park Conservatory Joint Recreation District

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

**Capital Assets** - Capital assets, net of disposals and accumulated depreciation, decreased \$260,000 during 2014, decreased \$927,000 during 2013, and decreased \$631,000 during 2012.

In addition to the master plan, the following items were capitalized:

- In 2014, a new hot shop (glass-blowing) furnace, two new vehicles for the security and grounds staff, and various small building upgrades
- In 2013, a major website redesign, server upgrade, additional point of sale system components, and various pieces of equipment
- In 2012, a point of sale system, various pieces of equipment, and one vehicle

Depreciation on capital assets was \$990,000 for 2014, \$1,063,000 for 2013, and \$1,046,000 for 2012.

**Other Noncurrent Assets** - Change in the balance of pledges for the master plan capital campaign at present value expected to be realized more than one year from the balance sheet date was the significant factor in the change to other noncurrent assets. The master plan capital campaign pledge balance was \$1,199,000 for 2014, \$1,677,000 for 2013, and \$306,000 for 2012.

**Current Liabilities** - Current liabilities include \$1,870,000, \$305,000, and \$295,000 for principal payments on the bonds due in 2014, 2013, and 2012, respectively. In 2014, the entire bonds payable balance is reflected in current liabilities due to a change in the structure of the bond debt. Line of credit for 2014 and 2013 is \$500,000 (\$125,000 for 2012). Accounts payable increased \$227,000 in 2014 and \$37,000 in 2013.

**Noncurrent Liabilities** - Noncurrent liabilities decreased dramatically in 2014 due to the reclassification of the bonds payable balance to current as a result of a change in structuring of the bond financing. The long-term portion was \$0, \$1,870,000, and \$2,175,000 at the end of 2014, 2013, and 2012, respectively. In 2014, long-term liabilities include a note payable with \$350,000 due more than 12 months from the balance sheet date.

**Net Position** - The largest portion of the Conservatory's net position each year represents its investment in capital assets, less related debt outstanding used to acquire those capital assets. The Conservatory uses these assets to provide services to its visitors; consequently, these assets are not available for future spending.

# Franklin Park Conservatory Joint Recreation District

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

### Financial Results

#### Operating Revenue

The following schedule presents a summary of operating revenue for the fiscal years ended December 31, 2014, 2013, and 2012 (000s omitted).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
General admissions	\$ 983	\$ 950	\$ 700
Membership	462	445	385
Gift shop sales	492	460	385
Facility rentals	1,991	1,678	1,991
Other	549	669	549
Total operating revenue	<u>\$ 4,477</u>	<u>\$ 4,202</u>	<u>\$ 4,010</u>

Operating revenue steadily increased from \$4,010,000 to \$4,477,000 from 2012 to 2014. Admissions, memberships, gift shop, and café sales will vary from year to year based on the timing of exhibits and how they resonate with the Conservatory's visitors. Bruce Munro: Light was a major exhibition that positively impacted all of these revenue streams in late 2013 and early 2014. Facility rentals and other income, including education, help to stabilize total operating revenue.

#### Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended December 31, 2014, 2013, and 2012 (000s omitted).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Payroll, benefit, and tax	\$ 3,843	\$ 3,563	\$ 3,307
Cost of goods sold	573	501	465
Marketing	249	212	211
Operating supplies	660	669	798
Utilities	316	316	357
Rental expense	173	157	140
Facility expense	189	206	196
Office and banking	354	270	206
Contracted services and professional fees	1,157	943	748
Other expenses	419	480	359
Total operating expenses	<u>\$ 7,933</u>	<u>\$ 7,317</u>	<u>\$ 6,787</u>

# Franklin Park Conservatory Joint Recreation District

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

Total operating expenses increased 8 percent for both 2014 and 2013. The Bruce Munro: Light exhibition was a significant factor in increases in payroll, benefit, and tax, marketing, and contracted services and professional fees.

Personnel costs increased 8 percent in 2014 and 2013; cost of living increases and increased staffing levels for the special exhibition Bruce Munro: Light were factors in both fiscal years. Additionally, a new position was created for the director of community outreach and education during 2014.

Cost of goods increased in both 2014 and 2013 due to corresponding increased gross sales in the gift shop. The decrease in operating supplies in 2013 was due to a decrease in display expenses and related signage.

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

### Nonoperating Revenue and Expenses

The following schedule presents a summary of nonoperating revenue and capital contributions for the fiscal years ended December 31, 2014, 2013, and 2012 (000s omitted).

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Nonoperating revenue:			
City revenue	\$ 500	\$ 500	\$ 500
City - Master plan and other	800	890	950
County revenue	500	261	285
Donations and grants	2,182	3,893	1,868
Investment income	10	3	4
Total	<u>\$ 3,992</u>	<u>\$ 5,547</u>	<u>\$ 3,607</u>

Contributions identified as City - Master Plan and other, represent city campaign gifts for the Master Plan, including capital projects.

Franklin County increased operating support to the Conservatory by more than 90 percent in 2014. Donations and grants in 2013 were significantly higher than 2014 or 2012 due to Bruce Munro: Light sponsorships and a large pledge for future Master Plan projects.

Interest expense was \$44,000, \$69,000, and \$117,000 in 2014, 2013, and 2012, respectively. This expense has decreased each year primarily due to the reduction of bonds payable.

Nonoperating other expenses were \$29,000, \$88,000, and \$218,000 in 2014, 2013, and 2012, respectively. Nonoperating other expenses represent non-capitalizable soft costs related to the Master Plan and other capital projects.

# **Franklin Park Conservatory Joint Recreation District**

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

### **Contacting the Conservatory's Management**

This financial report is intended to provide the community with a general overview of the Conservatory's finances and to show the Conservatory's accountability for the money it receives. We welcome you to contact us at Franklin Park Conservatory and Botanical Gardens at 1777 E. Broad Street, Columbus, OH 43203, or at [www.fpconservatory.org](http://www.fpconservatory.org).

# Franklin Park Conservatory Joint Recreation District

## Statement of Net Position

	December 31, 2014	December 31, 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,066,717	\$ 1,413,994
Investments (Note 2)	-	5,191
Receivables (Note 3)	647,255	802,734
Inventory	112,784	103,378
Prepaid expenses	123,408	338,917
Total current assets	2,950,164	2,664,214
Noncurrent assets:		
Capital assets:		
Nondepreciable capital assets (Note 4)	4,461,092	3,807,987
Depreciable capital assets (Note 4)	26,406,460	26,329,539
Accumulated depreciation (Note 4)	(10,679,428)	(9,689,349)
Total capital assets	20,188,124	20,448,177
Restricted cash and cash equivalents (Note 2)	138,274	127,824
Noncurrent receivables (Note 3)	1,357,734	1,686,750
Other noncurrent assets	215,032	208,055
Total noncurrent assets	21,899,164	22,470,806
Total assets	<b>\$ 24,849,328</b>	<b>\$ 25,135,020</b>
<b>Liabilities</b>		
Current liabilities:		
Line of credit (Note 5)	\$ 500,000	\$ 500,000
Accounts payable	782,391	555,187
Unearned revenue and customer deposits	443,906	484,703
Accrued expenses	348,795	336,881
Current portion of bonds payable (Note 6)	1,870,000	305,000
Total current liabilities	3,945,092	2,181,771
Noncurrent liabilities:		
Note payable (Note 6)	350,000	-
Other noncurrent liabilities	17,105	19,320
Bonds payable (Note 6)	-	1,870,000
Total noncurrent liabilities	367,105	1,889,320
Total liabilities	4,312,197	4,071,091
<b>Net Position</b>		
Net investment in capital assets	18,318,124	18,273,177
Restricted:		
Columbus Foundation	210,199	203,222
Various purposes	47,867	160,945
Annie's Fund	56,867	56,818
Growing to Green Program	33,540	33,506
Unrestricted	1,870,534	2,336,261
Total net position	20,537,131	21,063,929
Total liabilities and net position	<b>\$ 24,849,328</b>	<b>\$ 25,135,020</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Franklin Park Conservatory Joint Recreation District

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

	Year Ended	
	December 31, 2014	December 31, 2013
<b>Operating Revenue</b>		
General admissions	\$ 983,564	\$ 949,177
Membership	461,965	445,482
Gift shop sales	491,637	460,156
Facility rentals	1,990,675	1,677,999
Other	549,303	669,130
Total operating revenue	4,477,144	4,201,944
<b>Operating Expenses</b>		
Salaries and wages	3,202,607	2,895,320
Payroll taxes and benefits	640,513	667,456
Cost of goods sold	572,863	500,586
Marketing	249,038	211,821
Operating supplies	659,584	668,889
Utilities	315,850	316,227
Rental expense	173,026	156,854
Facility expenses	189,358	206,318
Office and banking	354,329	270,218
Contracted services and professional fees	1,156,694	943,487
Other expense	419,445	479,829
Total operating expenses	7,933,307	7,317,005
<b>Operating Loss - Before depreciation</b>	(3,456,163)	(3,115,061)
<b>Depreciation</b>	990,079	1,062,899
<b>Operating Loss</b>	(4,446,242)	(4,177,960)
<b>Nonoperating Revenue (Expenses)</b>		
Intergovernmental revenue:		
City	500,000	500,000
City - Master Plan and other	800,000	890,000
County	500,000	261,250
Donations and grants	2,181,860	3,893,160
Investment income	10,452	3,442
Interest expense	(44,203)	(69,202)
Other expense	(28,665)	(87,614)
Total nonoperating revenue	3,919,444	5,391,036
<b>(Decrease) Increase in Net Position</b>	(526,798)	1,213,076
<b>Net Position - Beginning of year</b>	21,063,929	19,850,853
<b>Net Position - End of year</b>	<b>\$ 20,537,131</b>	<b>\$ 21,063,929</b>

# Franklin Park Conservatory Joint Recreation District

## Statement of Cash Flows

	Year Ended	
	December 31, 2014	December 31, 2013
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 4,373,949	\$ 4,433,439
Payments to others	(3,661,255)	(3,914,511)
Payments to employees	(3,833,421)	(3,500,761)
Net cash used in operating activities	(3,120,727)	(2,981,833)
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital subsidies from City and County	1,800,000	1,651,250
Donations and grants	2,721,776	2,318,645
Net cash provided by noncapital financing activities	4,521,776	3,969,895
<b>Cash Flows from Capital and Related Financing Activities</b>		
Draw on line of credit - Net of payments	-	375,000
Payments on capital Master Plan expenses	(28,665)	(87,614)
Purchase of capital assets	(730,026)	(135,962)
Principal paid on bonds	(305,000)	(295,000)
Interest paid on bonds	(39,828)	(69,202)
Issuance of Master Plan note payable	350,000	-
Net cash used in capital and related financing activities	(753,519)	(212,778)
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on cash and investments	10,452	3,233
Proceeds from sale and maturities of investment securities	5,191	-
Net cash provided by investing activities	15,643	3,233
<b>Net Increase in Cash and Cash Equivalents</b>	663,173	778,517
<b>Cash and Cash Equivalents - Beginning of year</b>	1,541,818	763,301
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 2,204,991</b>	<b>\$ 1,541,818</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (4,446,242)	\$ (4,177,960)
Depreciation	990,079	1,062,899
Changes in assets and liabilities:		
Receivables	(103,195)	231,495
Inventory	(9,406)	(4,348)
Prepaid expenses	215,509	(200,606)
Accounts payable	222,829	36,799
Accrued expenses	9,699	69,888
Net cash used in operating activities	<b>\$ (3,120,727)</b>	<b>\$ (2,981,833)</b>



# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note I - Summary of Significant Accounting Policies

#### Reporting Entity

The City of Columbus (the "City") and Franklin County (the "County") agreed in 1990 to establish the Conservatory pursuant to the authority contained in Section 755.14 (B) of the Ohio Revised Code (ORC) upon the conclusion of Ameriflora 1992, Inc.'s horticulture exposition held at the Conservatory. In April 2007, the City and the County entered into an amended and restated agreement regarding the Conservatory, pursuant to the authority contained in Section 755.14 (C) of the ORC. The new agreement allows the Conservatory to exist until July 31, 2057. However, the City and the County may renew and extend the agreement for additional successive terms of 50 years, with the title to the Conservatory's assets reverting back to the City at the end of the agreement.

The Conservatory is governed by a 21-member board, eight of whom shall be appointed by the City of Columbus' mayor subject to confirmation by the City Council and six appointed by Franklin County. The governor, the speaker of the house of representatives, and the president of the senate of the State of Ohio shall each appoint one member to the Conservatory board. State-appointed members are nonvoting members if they also serve as members of the Ohio General Assembly; no member presently serves both roles. Four members of the board are appointed by a majority of the existing board members.

The accompanying financial statements present the Conservatory and its component units, entities for which the Conservatory is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Conservatory's operations (see discussion below for description).

#### **Blended Component Units**

**Friends of the Conservatory** - In July 1999, the Conservatory created Friends of the Conservatory (Friends), a separate legal not-for-profit corporation, in accordance with section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. Although it is legally separate from the Conservatory, Friends of the Conservatory is reported as if it were part of the primary government because its sole purpose is to promote the Conservatory and raise capital and solicit funds in support of the Conservatory.

**Franklin Park Conservatory Women's Sustaining Board** - In 1984, the Franklin Park Conservatory Women's Sustaining Board (the "Women's Board"), was organized to create awareness of the Conservatory, to provide support to the Conservatory, and to broaden the base of support in the community for the Conservatory. The Women's Board is a legally separate not-for-profit organization in accordance with Section 501(c)(3) of the Internal Revenue Code. The Women's Board is considered a blended component unit of the Conservatory under GASB Statement No. 61.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

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

**Joint Venture** - The arrangement between the City and the County establishing the Conservatory possesses the characteristics of an entity classified as a joint venture. The City contributed certain fixed assets to the Conservatory at the time of its inception and both the City and County have historically agreed to annual subsidies. In 2014, the subsidies from the City and County were \$1,800,000, including \$800,000 which represents contributions for the Master Plan. In 2013, the subsidies were \$1,651,250, including \$890,000 which represents contributions for the Master Plan and other. This represents 21 percent and 17 percent of the Conservatory's 2014 and 2013 revenue, respectively. In the event of the Conservatory's liquidation, its assets will be transferred to the City. Based on the above, the Conservatory is a joint venture between the City and the County. Future capabilities of the Conservatory to operate at current service levels are dependent upon annual subsidies from the City and the County.

#### **Accounting and Reporting Principles**

The accounting policies of the Franklin Park Conservatory Joint Recreation District (the "Conservatory") follow accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board. The following is a summary of the significant accounting policies used by Franklin Park Conservatory Joint Recreation District:

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

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

#### **Specific Balances and Transactions**

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Restricted cash and cash equivalents consist of restrictions as identified in Note 10.

**Receivables** - All receivables are shown as net of allowance for uncollectible amounts.

**Inventory** - Inventory is valued at the average cost method.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

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

**Plant Collection** - The Conservatory does not capitalize its plants. They are expensed as purchased. The plant collection is held for public exhibition and education, is protected, kept unencumbered, cared for, and preserved and is subject to a Conservatory policy that requires proceeds from sales of the plant collection be used to acquire other plant collections.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are capitalized at cost or estimated historical cost where no historical records exist. Capital assets are defined by the Conservatory as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Buildings and building improvements	10-30 years
Vehicles	5-10 years
Office furnishings	3-15 years
Other equipment	3-15 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Conservatory's policy to allow employees to carryforward three days of paid time off. For employees hired before 2003, it is the Conservatory's policy to pay out any unused sick and vacation time. A liability for these amounts is reported if it is probable that the employee will be compensated through a cash payment.

**Budgetary Accounting and Control** - The Conservatory's annual budget is prepared on the accrual basis of accounting and approved by the board of directors. The budget includes anticipated amounts for current year revenues and expenses as well as contributions, grants, and new capital projects. The Conservatory maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. The board is apprised every other month of actual results compared to budget. All budget amounts lapse at year end.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 2 - Deposits and Investments

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

	December 31, 2014		
	Cash and Cash Equivalents	Investments	Restricted Cash (Note 10)
Deposits with financial institutions	\$ 2,015,168	\$ -	\$ 138,274
Investments - Short-term funds (2a7-like)	41,004	-	-
Cash on hand	10,545	-	-
Total	<u>\$ 2,066,717</u>	<u>\$ -</u>	<u>\$ 138,274</u>

  

	December 31, 2013		
	Cash and Cash Equivalents	Investments	Restricted Cash (Note 10)
Deposits with financial institutions	\$ 1,362,658	\$ -	\$ 127,824
Investments:			
Short-term funds (2a7-like)	40,991	-	-
Common stock	-	5,191	-
Cash on hand	10,345	-	-
Total	<u>\$ 1,413,994</u>	<u>\$ 5,191</u>	<u>\$ 127,824</u>

The investment and deposit of the Conservatory's monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, the Conservatory is authorized to invest in United States and State of Ohio bonds, notes and other obligations, bank certificates of deposit, bankers' acceptances, commercial paper notes rated prime and issued by United States corporations, repurchase agreements secured by United States obligations, and STAROhio.

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

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 2 - Deposits and Investments (Continued)

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Conservatory's deposits may not be returned to it. The Conservatory does not have a deposit policy for custodial credit risk. At year end, the Conservatory's deposit balance with financial institutions was \$2,124,743 and \$1,496,922 for the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, the Conservatory had \$686,267 and \$661,303, respectively, of bank deposits that were covered by deposit insurance provided by the FDIC.

#### STAROhio Funds

The Conservatory's investment in STAROhio is not evidenced by securities that exist in physical or book entry form. Investments in STAROhio were rated AAAM by Standard & Poor's. The Conservatory's investment balance with STAROhio was \$41,004 and \$40,991 at December 31, 2014 and 2013, respectively.

The Conservatory held shares of common stock that were gifted to the Conservatory. These shares with fair market value of \$5,191 as of December 31, 2013 were sold in February 2014.

### Note 3 - Receivables

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

	2014	2013
Receivables:		
Short-term pledge receivable	\$ 534,700	\$ 745,600
Other short-term receivables	115,500	89,301
Long-term pledge receivable	1,462,900	1,853,600
Less allowance for uncollectibles	(2,945)	(32,167)
Less discount	(105,166)	(166,850)
Net receivables	<u>\$ 2,004,989</u>	<u>\$ 2,489,484</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 4 - Capital Assets

Capital asset activity for the years ended December 31, 2014 and 2013 was as follows:

	Balance January 1, 2014	Transfers	Additions	Disposals	Balance December 31, 2014
Capital assets not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Art collections	3,492,850	-	-	-	3,492,850
Construction in progress	215,137	(71,129)	724,234	-	868,242
Subtotal	3,807,987	(71,129)	724,234	-	4,461,092
Capital assets being depreciated:					
Buildings	19,541,413	-	-	-	19,541,413
Building improvements	5,106,893	6,465	-	-	5,113,358
Exhibits	186,864	-	-	-	186,864
Equipment and fixtures	1,429,748	15,656	5,792	-	1,451,196
Vehicles	64,621	49,008	-	-	113,629
Subtotal	26,329,539	71,129	5,792	-	26,406,460
Accumulated depreciation	9,689,349	-	990,079	-	10,679,428
Net capital assets being depreciated	16,640,190	71,129	(984,287)	-	15,727,032
Net capital assets	\$ 20,448,177	\$ -	\$ (260,053)	\$ -	\$ 20,188,124
	Balance January 1, 2013	Transfers	Additions	Disposals	Balance December 31, 2013
Capital assets not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Art collections	3,492,850	-	-	-	3,492,850
Construction in progress	189,641	(97,494)	122,990	-	215,137
Subtotal	3,782,491	(97,494)	122,990	-	3,807,987
Capital assets being depreciated:					
Buildings	19,541,413	-	-	-	19,541,413
Buildings and improvements	5,089,161	4,761	12,971	-	5,106,893
Exhibits	186,864	-	-	-	186,864
Equipment and fixtures	1,337,015	92,733	-	-	1,429,748
Vehicles	64,621	-	-	-	64,621
Subtotal	26,219,074	97,494	12,971	-	26,329,539
Accumulated depreciation	8,626,450	-	1,062,899	-	9,689,349
Net capital assets being depreciated	17,592,624	97,494	(1,049,928)	-	16,640,190
Net capital assets	\$ 21,375,115	\$ -	\$ (926,938)	\$ -	\$ 20,448,177

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 5 - Line of Credit

The Conservatory has a revolving credit agreement with Fifth Third Bank for operations. The line was renewed on July 6, 2014 at \$500,000. The line matures on July 5, 2015 and bears an interest rate at LIBOR plus 4.05 percent; the effective rate at December 31, 2014 was 2.90 percent. The Conservatory borrowed \$500,000 during the year for operations and these borrowings are collateralized by all personal property. The Conservatory made payments of \$500,000 during 2014 and has an outstanding balance at December 31, 2014 and 2013 of \$500,000.

### Note 6 - Long-term Debt

The changes in bonds, notes payable, and compensated absences for the years ended December 31, 2014 and 2013 were as follows:

	December 31, 2014					
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year	Long-term
2007 variable-rate tax-free bonds	\$ 2,175,000	\$ -	\$ (305,000)	\$ 1,870,000	\$ 1,870,000	\$ -
Accumulated compensated absences	37,743	18,775	(20,638)	35,880	18,775	17,105
Note payable	-	350,000	-	350,000	-	350,000
Total long-term obligations	<u>\$ 2,212,743</u>	<u>\$ 368,775</u>	<u>\$ (325,638)</u>	<u>\$ 2,255,880</u>	<u>\$ 1,888,775</u>	<u>\$ 367,105</u>
	December 31, 2013					
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year	Long-term
2007 variable-rate tax-free bonds	\$ 2,470,000	\$ -	\$ (295,000)	\$ 2,175,000	\$ 305,000	\$ 1,870,000
Accumulated compensated absences	31,865	18,423	(12,545)	37,743	18,423	19,320
Total long-term obligations	<u>\$ 2,501,865</u>	<u>\$ 18,423</u>	<u>\$ (307,545)</u>	<u>\$ 2,212,743</u>	<u>\$ 323,423</u>	<u>\$ 1,889,320</u>

The Conservatory issued \$7,100,000 of variable-rate tax-free bonds through the Columbus-Franklin County Finance Authority during 2007. The proceeds of this issue were used for construction of new facilities. The bonds are secured by a letter of credit issued by a bank and are redeemable prior to maturity at the option of the Conservatory. The letter of credit expires June 15, 2015 and therefore, the long-term debt has been classified as current. The Conservatory intends to obtain additional financing during 2015 in order to redeem the 2007 bonds; therefore, the full outstanding balance of the bonds have been classified as current as of December 31, 2014. Subsequent to year end, the Conservatory paid an additional \$800,000 on the outstanding bonds.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

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

During 2014, the Conservatory obtained a \$1,500,000 unsecured promissory note to provide additional construction financing for the second phase of the Master Plan. The Conservatory is able to make draws on the note as needed. Interest only is due in quarterly installments through December 31, 2015 and is accrued at a fixed annual rate of 5 percent. Subsequent to the first year, quarterly installments of interest and principal will be due according to draws made through maturity in September 2023. As of December 31, 2014, the Conservatory has drawn \$350,000 on the note.

Total interest expense for the years ended December 31, 2014 and 2013 was approximately \$40,000 and \$69,000, respectively. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Business-type Activities		
	Principal	Interest	Total
2015	\$ 329,346	\$ 107,000	\$ 436,346
2016	357,937	90,149	448,086
2017	373,855	71,989	445,844
2018	394,820	53,032	447,852
2019	495,834	35,026	530,860
2019-2020	268,208	50,880	319,088
Total	<u>\$ 2,220,000</u>	<u>\$ 408,076</u>	<u>\$ 2,628,076</u>

### Note 7 - Risk Management

The Conservatory maintains comprehensive insurance coverage with private carriers for real property, building contents, directors and officers' liability insurance, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, the Conservatory provides medical benefits to most of its full-time employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs. The Conservatory is part of the state-wide plan for workers' compensation insurance coverage. There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.



# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 8 - Defined Benefit Pension Plan

All Conservatory employees are required to participate in the statewide Ohio Public Employees' Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 and 2013 member contribution rates were 10 percent of covered payroll for members in state and local classifications. The 2014 and 2013 employer contribution rate for state and local employers was 14 percent of covered payroll. Total contributions paid by the Conservatory were approximately \$433,000, \$392,000, and \$370,000 in 2014, 2013, and 2012, respectively, which were equal to the required contributions each year.

The portion of employer contributions allocated to pension for members in the traditional plan was 10 percent during 2014. The portion of the Conservatory's contribution used to fund pension was approximately \$309,000, \$280,000, and \$259,000 for 2014, 2013, and 2012, respectively.

### Note 9 - Other Postemployment Benefits

**Plan Description** - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

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

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014 and 2013, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB plan.

OPERS' postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of the postemployment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during 2014. The OPERS board of trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the Conservatory's contribution used to fund OPEB was approximately \$124,000, \$112,000, and \$111,000 for 2014, 2013, and 2012, respectively.

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

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

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

**Deferred Compensation Plan** - The Conservatory also maintains a voluntary deferred compensation plan which allows eligible employees to defer a portion of their salary to be held in trust up to certain established annual limits.

### Note 10 - Net Position

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

	2014	2013
Columbus Foundation	\$ 210,199	\$ 203,222
Restricted - Various purposes	47,867	160,945
Annie's Fund	56,867	56,818
Growing to Green Program	33,540	33,506
Total	<u>\$ 348,473</u>	<u>\$ 454,491</u>

In 1996, the Women's Board created a fund for the Conservatory at the Columbus Foundation, an Ohio not-for-profit corporation. These funds are included in other noncurrent assets.

Contributions were received from donors for various restricted purposes. These funds are included in the restricted cash and cash equivalents and receivables.

In 2001, Annie's Fund for the Creative Arts created a fund for the Conservatory in the form of a collection of Koi (Japanese carp) fish. All donations received are reserved and the interest is restricted for the care and support of these fish and their environment. These funds are included in the restricted cash and cash equivalents.

In 2006, the Growing to Green Program was established to support the annual program operations of the Conservatory's Growing to Green Program. All donations received are reserved and restricted for this program. These funds are included in the restricted cash and cash equivalents.

Unrestricted net position of the Conservatory at December 31, 2014 and 2013 is as follows:

	2014	2013
Designated for capital projects	\$ 3,088,468	\$ 2,894,185
Designated for financial sustainability	414,059	418,682
Undesignated	<u>(1,631,993)</u>	<u>(976,606)</u>
Total unrestricted net position	<u>\$ 1,870,534</u>	<u>\$ 2,336,261</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 10 - Net Position (Continued)

In July 1999, the Conservatory created Friends of the Conservatory (Friends), a separate legal not-for-profit corporation, in accordance with Section 501(c)(3) of the Internal Revenue Code, to support the common good of the general public through the support and assistance of and cooperation with the Conservatory. During 2005, Friends began raising support for the Conservatory's Master Plan. The Master Plan is a comprehensive strategic plan to promote programmatic and financial goals of the Conservatory. The donations are designated for the purposes of the Master Plan and payment of the bonds.

During 2010, the Conservatory launched the financial sustainability campaign. A total of \$25,000 was received or pledged in 2012 for the purpose of improving working capital, establishing a facility fund, and retiring debt. In 2014 and 2013, \$27,000 and \$22,000, respectively, of the funds were used to fund a capital project.

### Note 11 - Blended Component Units

As of December 30, 2014, the condensed statement of net position for the blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
<b>Current Assets</b>	\$ 1,257,592	\$ 92,369
<b>Noncurrent Assets</b>		
Nondepreciable capital assets	3,483,400	-
Other noncurrent assets	1,405,601	-
Total noncurrent assets	4,889,001	-
Total assets	<u>\$ 6,146,593</u>	<u>\$ 92,369</u>
<b>Current Liabilities</b>	\$ 10,657	\$ 41,805
<b>Noncurrent Liabilities</b>	350,000	-
<b>Net Position</b>		
Net investment in capital assets	3,483,400	-
Restricted	47,867	-
Unrestricted	2,254,669	50,564
Total net position	<u>5,785,936</u>	<u>50,564</u>
Total liabilities and net position	<u>\$ 6,146,593</u>	<u>\$ 92,369</u>

# Franklin Park Conservatory Joint Recreation District

## Notes to Financial Statements December 31, 2014 and 2013

### Note 11 - Blended Component Units (Continued)

As of December 31, 2014, the condensed statement of revenue, expenses, and changes in net position for the blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
Operating revenue	\$ -	\$ 97,675
Operating expense	28,457	183,181
<b>Operating Loss</b>	(28,457)	(85,506)
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	3,504	-
Interest expense	(4,375)	-
Donations and grants	870,285	404,329
Operating support to other entities	(1,341,412)	(299,000)
Total nonoperating (loss) revenue	(471,998)	105,329
<b>(Decrease) Increase in Net Position</b>	(500,455)	19,823
<b>Net Position - Beginning of year</b>	6,286,391	30,741
<b>Net Position - End of year</b>	<u>\$ 5,785,936</u>	<u>\$ 50,564</u>

As of December 31, 2014, the condensed statement of cash flows for the two blended component units is as follows:

	Friends of the Conservatory	Women's Sustaining Board
Net cash used in operating activities	\$ (441,670)	\$ (75,216)
Net cash provided by noncapital financing	72,293	105,329
Net cash provided by capital and related financing	350,000	-
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(19,377)	30,113
<b>Cash and Cash Equivalents - Beginning of year</b>	313,529	30,313
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 294,152</u>	<u>\$ 60,426</u>

# **Franklin Park Conservatory Joint Recreation District**

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## **Notes to Financial Statements December 31, 2014 and 2013**

### **Note 12 - Upcoming Accounting Pronouncements**

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Conservatory is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

## **Additional Information**

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Combining Schedule  
For Year Ended December 31, 2014

	DAILY ACTIVITIES			FRANKLIN PARK CONSERVATORY			FRIENDS OF THE CONSERVATORY			WOMEN'S	TOTAL Consolidated
	Franklin Park Conservatory	Friends of the Conservatory	TOTAL	Daily Activities	Other Activities	Combining Total	Daily Activities	Other Activities	Combining Total	SUSTAINING BOARD	
Operating Revenue											
General admissions	\$ 983,564	\$ -	\$ 983,564	\$ 983,564		\$ 983,564	\$ -	\$ -	\$ -	\$ -	\$ 983,564
Membership	450,300	-	450,300	450,300		450,300				11,665	461,965
Gift shop sales	491,637	-	491,637	491,637		491,637				-	491,637
Facility rentals	1,990,675	-	1,990,675	1,990,675		1,990,675				-	1,990,675
Other	417,235	-	417,235	417,235	46,058	463,293				86,010	549,303
Total operating revenue	4,333,411	-	4,333,411	4,333,411	46,058	4,379,469	-	-	-	97,675	4,477,144
Operating Expenses											
Salaries and wages	3,002,607		3,002,607	3,002,607	200,000	3,202,607					3,202,607
Payroll taxes and benefits	640,513		640,513	640,513		640,513					640,513
Cost of goods sold	572,863		572,863	572,863		572,863					572,863
Marketing	245,159		245,159	245,159	1,416	246,575				2,463	249,038
Operating supplies	659,584		659,584	659,584		659,584					659,584
Utilities	315,850		315,850	315,850		315,850					315,850
Rental expense	173,026		173,026	173,026		173,026					173,026
Facility expenses	189,358		189,358	189,358		189,358					189,358
Office and banking	353,083		353,083	353,083		353,083				1,246	354,329
Contracted services and professional fees	1,010,715		1,010,715	1,010,715	107,480	1,118,195				38,499	1,156,694
Other expense	249,819	8,450	258,269	249,819	196	250,015	8,450	20,007	28,457	140,973	419,445
Total operating expenses	7,412,577	8,450	7,421,027	7,412,577	309,092	7,721,669	8,450	20,007	28,457	183,181	7,933,307
Operating Loss - Before depreciation	(3,079,166)	(8,450)	(3,087,616)	(3,079,166)	(263,034)	(3,342,200)	(8,450)	(20,007)	(28,457)	(85,506)	(3,456,163)
Depreciation	-	-	-	-	990,079	990,079	-	-	-	-	990,079
Operating Loss	\$ (3,079,166)	\$ (8,450)	\$ (3,087,616)	(3,079,166)	(1,253,113)	(4,332,279)	(8,450)	(20,007)	(28,457)	(85,506)	(4,446,242)
Nonoperating Revenue (Expenses)											
Intergovernmental revenue:											
City	500,000	-	500,000	500,000	-	500,000					500,000
City - Master Plan and other	-	-	-	-	800,000	800,000					800,000
County	500,000		500,000	500,000		500,000					500,000
Donations and grants	849,015	949,179	1,798,194	849,015	58,230	907,245	949,179	(78,893)	870,286	404,329	2,181,860
Operating support from FOC to FPC	1,096,512	(1,096,512)	-	1,096,512	244,900	1,341,412	(1,096,512)	(244,900)	(1,341,412)	-	-
Operating support from WSB to FPC	299,000		299,000	299,000		299,000				(299,000)	(0)
Investment Income	6,849	3,504	10,353	6,849	99	6,948	3,504		3,504		10,452
Interest expense	(8,245)	-	(8,245)	(8,245)	(31,583)	(39,828)	-	(4,375)	(4,375)		(44,203)
Other expense			-		(28,665)	(28,665)					(28,665)
Total nonoperating revenue	3,243,131	(143,829)	3,099,302	3,243,131	1,042,981	4,286,112	(143,829)	(328,168)	(471,997)	105,329	\$ 3,919,444
<b>Increase (Decrease) in Net Position</b>	<b>\$ 163,965</b>	<b>\$ (152,279)</b>	<b>\$ 11,686</b>	<b>\$ 163,965</b>	<b>\$ (210,132)</b>	<b>\$ (46,167)</b>	<b>\$ (152,279)</b>	<b>\$ (348,175)</b>	<b>\$ (500,454)</b>	<b>\$ 19,823</b>	<b>\$ (526,798)</b>



Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Finance Committee  
Franklin Park Conservatory Joint Recreation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Franklin Park Conservatory Joint Recreation District (the "Conservatory"), and related notes to the financial statements, which collectively comprise the Conservatory's basic financial statements, and have issued our report thereon dated March 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Franklin Park Conservatory Joint Recreation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservatory's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservatory's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Conservatory's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2014-001 that we consider to be a significant deficiency.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Franklin Park Conservatory Joint Recreation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Franklin Park Conservatory Joint Recreation District's Response to Finding**

Franklin Park Conservatory Joint Recreation District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Franklin Park Conservatory Joint Recreation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservatory's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservatory's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Plante & Moran, PLLC*

March 20, 2015

# Franklin Park Conservatory Joint Recreation District

## Schedule of Findings and Questioned Costs Year Ended December 31, 2014

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2014-001	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Management should monitor transactions and evaluate for compliance with generally accepted accounting principles (GAAP)</p> <p><b>Condition</b> - There were transactions identified during the audit that were not recorded in compliance with GAAP</p> <p><b>Context</b> - The Conservatory acquired an asset that was expensed rather than capitalized and depreciated over its useful life.</p> <p>The Conservatory elected not to accrue paid time off benefits outstanding as of year end.</p> <p>Accrued payroll was inappropriately recorded for payroll that was paid prior to year end.</p> <p><b>Cause</b> - The determination of how to record these transactions was made without reference to GAAP guidance.</p> <p><b>Effect</b> - Passed adjustments were needed to properly disclose the variances on the financial statements as of December 31, 2014.</p> <p><b>Recommendation</b> - We recommend management refer to the appropriate accounting standards when determining how to account for transactions. Additional consideration should be given to transactions that are unusual for the Conservatory or before changing the accounting principles for re-occurring transactions. If guidance is needed in making the determination for proper treatment under GAAP, management should consult with the Conservatory's auditors.</p>

# Franklin Park Conservatory Joint Recreation District

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-001 (Cont.)	<p><b>Views of Responsible Officials and Planned Corrective Actions -</b> Management has reviewed current processes and procedures in response to the auditor finding. The following improvements to internal processes, as well as efforts to improve communication, are being implemented as a result of the management review.</p> <p>An additional review step is being added to the monthly bank statement reconciliation process. This change will add an additional staff member in the review process and thus provide added assurance of proper recording of cash versus accrual transactions (immediate implementation).</p> <p>Our procedures will be updated to require documentation of changes in how transactions are recorded and approval of those changes prior to implementation (immediate implementation).</p> <p>The processes for identifying and analyzing significant expense variances, will be updated to require additional focus on areas that could contain items that should be capitalized, such as repairs and maintenance expense and exhibit expense. It is expected that additional reporting will be implemented over the course of the fiscal year to improve variance analysis.</p> <p>The management review did not identify any additional deficiencies in the design or operation of our processes or controls and it is believed the above changes adequately address the deficiencies identified as part of the audit.</p>



# Dave Yost • Auditor of State

**FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 28, 2015**