



**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Johnny Appleseed Metropolitan Park District
Allen County
2355 Ada Road
Lima, OH 45801

To the Board of Commissioners:

We have audited the accompanying financial statements of the Johnny Appleseed Metropolitan Park District, Allen County, (the Park District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Park District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Park District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Johnny Appleseed Metropolitan Park District, Allen County, as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2000 on our consideration of the Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management and the Board of Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 13, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - GOVERNMENTAL FUND TYPE AND COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Component Unit</u>	<u>Totals</u>
Cash Receipts:			
General Property Tax - Real Estate	\$667,111	\$0	\$667,111
Tangible Personal Property Tax	328,600		328,600
Grants (Intergovernmental)	198,668	0	198,668
Investment Income	85,745	13,262	99,007
Gifts and Donations	20,188	1,079	21,267
Fees and Fines	47,244	0	47,244
All Other Revenue	5,206	0	5,206
Total Cash Receipts	1,352,762	14,341	1,367,103
Cash Disbursements:			
Salaries - Employees	465,033	0	465,033
Supplies	72,876	0	72,876
Materials	20,295	0	20,295
Equipment	81,112	0	81,112
Contract - Repairs	7,620	0	7,620
Contract - Services	105,936	0	105,936
Rentals	1,476	0	1,476
Travel	4,779	0	4,779
Public Employees Retirement	67,051	0	67,051
Workers' Compensation	2,214	0	2,214
Capital Outlay	391,885	0	391,885
Other Expenses	86,650	787	87,437
Total Cash Disbursements	1,306,927	787	1,307,714
Total Cash Receipts Over(Under) Cash Disbursements	45,835	13,554	59,389
Other Financing Receipts/(Disbursements) Other Sources	24,881	0	24,881
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	70,716	13,554	84,270
Fund Cash Balances, January 1, 1999	1,573,869	241,157	1,815,026
Fund Cash Balances, December 31, 1999	\$1,644,585	\$254,711	\$1,899,296
Reserves for Encumbrances - December 31	\$ 20,221	\$ 0	\$ 20,221

The Notes to the Financial Statements are an integral part of this statement.

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - GOVERNMENTAL FUND TYPE AND COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Component Unit</u>	<u>Totals</u>
Cash Receipts:			
General Property Tax - Real Estate	\$654,669	\$0	\$654,669
Tangible Personal Property Tax	330,062	0	330,062
Grants (Intergovernmental)	322,866	0	322,866
Investment Income	76,728	3,958	80,686
Gifts and Donations	24,155	1,028	25,183
Fees and Fines	53,588	0	53,588
All Other Revenue	7,017	0	7,017
Total Cash Receipts	1,469,085	4,986	1,474,071
Cash Disbursements:			
Salaries - Employees	422,381	0	422,381
Supplies	60,277	0	60,277
Materials	28,979	0	28,979
Equipment	69,893	0	69,893
Contract - Repairs	9,389	0	9,389
Contract - Services	76,138	0	76,138
Rentals	1,302	0	1,302
Travel	7,500	0	7,500
Public Employees Retirement	61,111	0	61,111
Workers' Compensation	967	0	967
Capital Outlay	222,419	0	222,419
Other Expenses	82,668	819	83,487
Total Cash Disbursements	1,043,024	819	1,043,843
Total Cash Receipts Over(Under) Cash Disbursements	426,061	4,167	430,228
Other Financing Sources/(Disbursements) Other Sources	13,595	0	13,595
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	439,656	4,167	443,823
Fund Cash Balances, January 1, 1998	1,134,213	236,990	1,371,203
Fund Cash Balances, December 31, 1998	\$1,573,869	\$241,157	\$1,815,026
Reserves For Encumbrances - December 31	\$ 53,100	\$ 0	\$ 53,100

The Notes to the Financial Statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Johnny Appleseed Metropolitan Park District, Allen County, (the Park District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Allen County. The District acquires lands for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

The reporting entity is composed of the primary government and a component unit that is included to ensure that the financial statements of the Park District are not misleading. The primary government consists of the Park District.

The component unit is a legally separate organization for which the Park District is financially accountable. The Park District is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs and services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or is obligated for the debt of the organization.

Component Unit

The component unit column in the financial statements identifies the financial data of the Park District's component unit. The component unit is reported separately to emphasize that it is legally separate from the Park District. The discretely presented component unit is defined as follows:

Park District Foundation of Allen County - The Park District Foundation of Allen County (the "Foundation") is a non-profit organization that was incorporated under Internal Revenue Code 501(c) (3), for the purpose of accepting bequests and donations for the support and benefit of the Johnny Appleseed Metropolitan Park District. Kevin Haver, Park District Director, serves as the statutory agent for this Foundation.

Active and inactive status designations are used in the Foundation's service. Active status is utilized when the Foundation is soliciting funds or receives a bequest or donation; at all other times inactive status is used. The revenues it receives stem from three sources, donations by industry and corporations, donations by individuals and donations through wills and bequests. The organization is tax exempt.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Component Unit

These financial statements were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

C. Cash and Investments

In accordance with Ohio Revised Code, the Park District's cash is held and invested by the Allen County Treasurer, who acts as custodian for Park District monies. The Park District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except, gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Park District uses fund accounting to segregate cash and investments that are restricted as to use. The Park District classifies its fund into the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1998 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Park District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

Primary Government

The Allen County Auditor acts as fiscal agent for the Park District and the County Treasurer maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Park District's portion of this pool is included in the Allen County records as an Agency Fund Type. The carrying amount of cash and investments held by the County Treasury, at December 31 was as follows:

	1999	1998
Cash and investments	\$ 1,644,585	\$1,573,869

Component Unit

The Park District Foundation maintained its cash balances in demand deposits and certificates of deposits. The carrying amount on the Foundations records at December 31, was as follows:

	1999	1998
Cash and investments	\$254,711	\$241,157

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 and December 31, 1999 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,838,134	\$1,377,643	(\$1,460,491)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,415,328	\$1,327,148	\$1,088,180

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,574,462	\$1,482,680	(\$1,091,782)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,564,794	\$1,096,124	\$1,468,670

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based on years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1999, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Park District is exposed to a variety of risks of loss related to torts; theft or damage to, and destruction of assets; errors or omissions; injuries to employees and natural disasters. The Park District maintains comprehensive insurance coverage with private carriers for building contents. Real property is insured through the Allen County Commissioners. The Park District also contracted for the following various types of coverage:

Company	Type of Insurance	Maximum	Deductible
Webb Insurance	Public Officials Liability	\$4,000,000	\$2,500
	Building & Personal Property	1,048,500	500
	Employee Crime Coverage	25,000	250
	Commercial General Liability	4,000,000	
	Stop Gap Liability	1,000,000	
	Commercial Auto Coverage	4,000,000	250

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Johnny Appleseed Metropolitan Park District
Allen County
2355 Ada Road
Lima, OH 45801

To the Board of Commissioners:

We have audited the financial statements of the Johnny Appleseed Metropolitan Park District, Allen County, (the Park District), as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated April 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Park District in a separate letter dated April 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Park District in a separate letter dated April 13, 2000.

Johnny Appleseed Metropolitan Park District
Allen County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 13, 2000



STATE OF OHIO
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JOHNNY APPLESEED METROPOLITAN PARK DISTRICT

ALLEN 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 30, 2000**