



**Auditor of State
Betty Montgomery**

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Johnny Appleseed Metropolitan Park District, Allen County, (the District), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the 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 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 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 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 of the District as of December 31, 2003 and 2002, 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 May 12, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Park 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 12, 2004

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**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE AND COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>		
Cash Receipts:			
General Property Tax - Real Estate	\$836,659		\$836,659
Tangible Personal Property Tax	316,698		316,698
Grants	488,085		488,085
State Levied and Shared	87,912		87,912
Investment Income	16,943	\$7,329	24,272
Gifts and Donations	111,666	3,026	114,692
Fees	86,755		86,755
Other Receipts	6,482		6,482
	<u>1,951,200</u>	<u>10,355</u>	<u>1,961,555</u>
Total Cash Receipts	1,951,200	10,355	1,961,555
Cash Disbursements:			
Current:			
Salaries - Employees	741,907		741,907
Supplies	62,541		62,541
Materials	35,077		35,077
Equipment	21,137		21,137
Contracts - Repair	8,500		8,500
Contracts - Services	76,962		76,962
Grants	84,462		84,462
Rentals	371		371
Advertising and Printing	11,076		11,076
Travel	4,491		4,491
Public Employees Retirement	82,309		82,309
Workers' Compensation	1,211		1,211
Capital Outlay		70,609	70,609
Other	819,473	920	820,393
	<u>1,949,517</u>	<u>71,529</u>	<u>2,021,046</u>
Total Cash Disbursements	1,949,517	71,529	2,021,046
Total Receipts Over/(Under) Disbursements	1,683	(61,174)	(59,491)
Fund Cash Balances, January 1	<u>1,428,000</u>	<u>302,897</u>	<u>1,730,897</u>
Fund Cash Balances, December 31	<u><u>\$1,429,683</u></u>	<u><u>\$241,723</u></u>	<u><u>\$1,671,406</u></u>

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

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE AND COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Component Unit</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$769,588		\$769,588
Tangible Personal Property Tax	368,877		368,877
State Levied and Shared	103,057		103,057
Investment Income	28,618	\$13,338	41,956
Gifts and Donations	18,002	1,842	19,844
Fees	91,271		91,271
Other Receipts	59,126		59,126
	<hr/>		<hr/>
Total Cash Receipts	1,438,539	15,180	1,453,719
Cash Disbursements:			
Current:			
Salaries - Employees	741,166		741,166
Supplies	70,414		70,414
Materials	19,765		19,765
Equipment	8,432		8,432
Contracts - Repair	8,491		8,491
Contracts - Services	102,205		102,205
Rentals	993		993
Advertising and Printing	10,122		10,122
Travel	4,059		4,059
Public Employees Retirement	82,377		82,377
Unemployment Compensation	3,416		3,416
Other	300,376	1,017	301,393
	<hr/>		<hr/>
Total Cash Disbursements	1,351,816	1,017	1,352,833
Total Receipts Over/(Under) Disbursements	86,723	14,163	100,886
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	1,341,277	288,734	1,630,011
Fund Cash Balances, December 31	<u>\$1,428,000</u>	<u>\$302,897</u>	<u>\$1,730,897</u>

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

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Johnny Appleseed Metropolitan Park District, Allen County, (the 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 District are not misleading. The primary government consists of the District.

The component unity is a legally separate organization for which the District is financially accountable. The 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 District's component unit. The component unit is reported separately to emphasize that it is legally separate from the District. The discretely presented component unit is defined as follows:

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 the Foundation. During 2003, the Foundation donated \$70,608.75 to the Park District for land acquisition.

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

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

Primary Government

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).

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

Component Unit

The financial statements are prepared on the cash 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.

C. Cash and Investments

As permitted by the Ohio Revised Code, the Allen County Treasurer acts as custodian for the District and holds the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Component Unit

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. 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.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the District's 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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the 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 2003 and 2002 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. Accumulated Leave

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

2. CASH AND INVESTMENTS

Component Unit - The Foundation maintains its cash balances in demand deposits and certificates of deposit. The carrying amount on the Foundation records at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$8,216	\$6,082
Money Market	92,696	65,004
Certificates of Deposit	140,811	231,811
Total	<u>\$241,723</u>	<u>\$302,897</u>

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. CASH AND INVESTMENTS (Continued)

At December 31, 2003 and 2002, \$149,451 and \$237,893, respectively, were insured by the Federal Deposit Insurance Corporation, and the remainder was insured by the Securities Investor Protection Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$1,567,551</u>	<u>\$1,951,200</u>	<u>\$383,649</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$2,129,825</u>	<u>\$1,949,517</u>	<u>\$180,308</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$1,436,500</u>	<u>\$1,438,539</u>	<u>\$2,039</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$2,193,125</u>	<u>\$1,351,816</u>	<u>\$841,309</u>

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 District. 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 District.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of PERS contribute 8.5 percent of their gross salaries, and the District contributes an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

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

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Johnny Appleseed Metropolitan Park District, Allen County, (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 12, 2004. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 District in a separate letter dated May 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 District in a separate letter dated May 12, 2004.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 12, 2004



**Auditor of State
Betty Montgomery**

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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
JUNE 15, 2004**