



Dave Yost • Auditor of State

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

September 6, 2012

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Dave Yost • Auditor of State

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), and the Park District Foundation of Allen County, blended component unit, as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District and the blended component unit as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Johnny Appleseed Metropolitan Park District, Allen County, and the blended component unit, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Johnny Appleseed Metropolitan Park District and its blended component unit adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 6, 2012

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES AND BLENDED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Taxes	\$968,780		\$968,780
Charges for Services - Fees	127,943		127,943
Fines, Licenses and Permits	150		150
Gifts and Donations	3,424	\$74,444	77,868
Intergovernmental	475,140		475,140
Earnings on Investments	3,424	53,056	56,480
Miscellaneous	28,783	3,478	32,261
Total Cash Receipts	<u>1,607,644</u>	<u>130,978</u>	<u>1,738,622</u>
Cash Disbursements:			
Current:			
Conservation/Recreation:			
Salaries	803,555	22,000	825,555
Fringe Benefits	88,772	3,544	92,316
Materials	41,329		41,329
Supplies	74,961		74,961
Equipment	74,548		74,548
Contracts - Repair	6,832		6,832
Contracts - Services	74,764	12,356	87,120
Rentals	900		900
Advertising and Printing	12,218		12,218
Travel	1,832		1,832
Workers Compensation	4,849		4,849
Freedom Flag Project		4,475	4,475
Fiduciary Fees		5,030	5,030
Other	97,071	4,537	101,608
Capital Outlay	66,717		66,717
Total Cash Disbursements	<u>1,348,348</u>	<u>51,942</u>	<u>1,400,290</u>
Excess of Receipts Over (Under) Disbursements	<u>259,296</u>	<u>79,036</u>	<u>338,332</u>
Fund Cash Balances, January 1	<u>1,972,627</u>	<u>1,815,448</u>	<u>3,788,075</u>
Fund Cash Balances, December 31:			
Assigned		9,582	9,582
Unassigned (Deficit)	2,231,923	1,884,902	4,116,825
Fund Cash Balances, December 31	<u>\$2,231,923</u>	<u>\$1,894,484</u>	<u>\$4,126,407</u>

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

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND BLENDED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Component Unit</u>	
Cash Receipts:				
Property and Other Local Taxes	\$983,932			\$983,932
Charges for Services - Fees	110,487			110,487
Gifts and Donations	5,171		\$83,566	88,737
Intergovernmental	537,091	\$690,444		1,227,535
Earnings on Investments	2,922			2,922
Miscellaneous	78,063		5,623	83,686
Total Cash Receipts	<u>1,717,666</u>	<u>690,444</u>	<u>89,189</u>	<u>2,497,299</u>
Cash Disbursements:				
Current Disbursements:				
Conservation/Recreation:				
Salaries	801,339		22,000	823,339
Fringe Benefits	87,319		3,785	91,104
Materials	30,828			30,828
Supplies	93,999			93,999
Equipment	29,909			29,909
Contracts - Repair	4,544			4,544
Contracts - Services	80,229		1,817	82,046
Rentals	844			844
Advertising and Printing	12,078			12,078
Travel	2,467			2,467
Workers Compensation	9,256			9,256
Unemployment Compensation	4,770			4,770
Freedom Flag Project			27,443	27,443
Fiduciary Fees			4,662	4,662
Investment Income Loss			11,606	11,606
Other	115,315		5,546	120,861
Capital Outlay	497,015	690,444		1,187,459
Total Cash Disbursements	<u>1,769,912</u>	<u>690,444</u>	<u>76,859</u>	<u>2,537,215</u>
Total Receipts Over/(Under) Disbursements	<u>(52,246)</u>		<u>12,330</u>	<u>(39,916)</u>
Fund Cash Balances, January 1	<u>2,024,873</u>		<u>1,803,118</u>	<u>3,827,991</u>
Fund Cash Balances, December 31	<u>\$1,972,627</u>	<u>\$0</u>	<u>\$1,815,448</u>	<u>\$3,788,075</u>
Reserve for Encumbrances, December 31	<u>\$29,446</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,446</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, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Johnny Appleseed Metropolitan Park District, Allen County, (the District) as a body corporate and politic. The probate judge of Allen County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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 unit 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.

The component unit column in the financial statements identifies the financial date of the District's component unit. The component unit is reported separately to emphasize that it is legally separate from the District. The blended 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.

The revenues the Foundation 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.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The component unit 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. Deposit and Investments

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

The Foundation includes investments as assets. Accordingly, the Foundation does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for all activity for projects spent on behalf of the District by the Ohio Public Works Commission (OPWC) and activity related to the Clean Ohio Trails Fund grant. The OPWC granted money to assist in the Bikeway Project. The Ohio Department of Natural Resources granted money to assist in the Deep Cut Canal Trail project.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 District 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. Budgetary information for the blended component unit special revenue fund is not reported because it is not included in the District for which the "appropriated budget" is adopted.

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.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

Component Unit

The Foundation maintains its cash balances in demand deposits, time deposits, mutual funds and certificates of deposit. The carrying amount on the Foundation records at December 31 was as follows:

	2011	2010
Demand deposits	\$ 937	\$ 3,009
Certificates of deposit	325,008	316,569
Other time deposits (savings and NOW accounts)	139,244	105,979
Total deposits	465,189	425,557
Mutual Funds	1,429,295	1,389,891
Total investments	1,429,295	1,389,891
Total deposits and investments	\$1,894,484	\$1,815,448

Deposits are insured by the Federal Depository Insurance Corporation (FDIC); National Credit Union Share Insurance Fund (NCUSIF); or collateralized by the financial institution's public entity deposit pool. At December 31, 2011 and 2010, \$1,406,032 and \$1,366,628, respectively, of mutual funds were not insured or collateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,502,100	\$1,607,644	\$105,544

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,383,993	\$1,348,348	\$2,035,645

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,782,800	\$1,717,666	(\$65,134)
Capital Projects	690,444	690,444	
Total	\$2,473,244	\$2,408,110	(\$65,134)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,800,077	\$1,799,358	\$2,000,719
Capital Projects	690,444	690,444	
Total	\$4,490,521	\$2,489,802	\$2,000,719

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Johnny Appleseed Metropolitan Park District, Allen County, (the District), and the blended component unit as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 6, 2012 wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-01 and 2011-02 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 6, 2012.

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

We intend this report solely for the information and use of management, Board of Commissioners, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

September 6, 2012

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Material Weakness

Accuracy of Financial Reporting

To help provide meaningful information to the users of an entity's financial statements, procedures and controls should be in place to help prevent and detect errors. The District's 2011 accounting records and financial statements had revenue classification errors of \$157,298 in the General Fund and \$3,478 in the Component Unit Fund. In 2010, the District's accounting records and financial statements had revenue classification errors of \$140,472 in the General Fund and \$5,623 in the Component Unit Fund. In addition, during 2010 the District's accounting records and financial statements had disbursement classification errors of \$497,015 in the General Fund. The classification errors consisted of recording property tax as intergovernmental receipts; recording miscellaneous receipts as payment in lieu of taxes; and recording capital outlay expenditures as other expenses. During 2011, the District failed to record \$22,991 of investment income and \$2,515 of fees in the Component Unit Fund. During 2010, the District failed to record \$19,354 of investment income and \$2,331 of fees in the Component Unit Fund. Finally, during 2011 and 2010 the District failed to record General Fund property tax receipts at gross and the related auditor/treasurer fees in the amount of \$22,556 and \$23,493, respectively.

Errors in the financial statements and supporting ledgers inhibit the ability of both the District Director and the Board of Commissioners to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the District. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner. The District's accounting records and the accompanying financial statements have been adjusted to reflect the proper classification.

The District Director should review the County's (fiscal agent) chart of accounts, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and disbursements. Periodically the Board of Commissioners should perform a review of the receipt and disbursement ledgers to help identify errors and/or irregularities.

Officials' Response:

The classification errors are noted and all attempts will be made to correct January 1, 2012 through September 2012 and beyond for the next audit. In addition, a request has been made for the County's "chart of accounts".

FINDING NUMBER 2011-02

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 5705.09(F) requires that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

**FINDING NUMBER 2011-02
(Continued)**

In 2010, the District failed to establish the required fund in its accounting records and financial statements to account for the memo entries for the receipt and disbursement of Clean Ohio Conservation Grants, Ohio Public Works Commission money in the amount of \$673,689 of which \$57,985 was reclassified from the General Fund and the remaining portion was on-behalf receipts. In addition, in 2010, the District failed to establish the required fund in its accounting records and financial statements to account for the receipt and disbursement of Clean Ohio Trail Grants, Department of Natural Resources money in the amount of \$16,755.

The failure to record this activity prevents the users of the financial statements from seeing the financial benefit received by the District.

The District should review Auditor of State Bulletin 2002-005 for guidance in the recording of Public Works Commission Clean Ohio grants money. Procedures should then be implemented by the District to provide for the recording of this activity in the accounting records and financial statements.

The accompanying financial statements have been adjusted to reflect receipt and disbursement of this money.

Officials' Response:

Regarding the Clean Ohio Fund and Clean Ohio Trails, we were unaware of the requirements for a separate fund showing both the local share and state grant share for projects. We have the AOS Bulletin 2002-005. We will attempt to follow guidelines with the establishment of a separate fund through the Allen County Auditor if/when we receive COF or COFT grants in the future. Using the existing system/program however, we are unsure as to how to report the State's share of a grant when those monies are not received locally, but paid directly to a contractor.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Proper classification of revenue and expenditures.	No	Repeated as Finding 2011-01
2009-002	Park District Foundation – Accounting Records	No	Included in Finding 2011-01

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Dave Yost • Auditor of State

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
OCTOBER 2, 2012