



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Johnny Appleseed Metropolitan Park District (the District) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We attempted to test the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations for the three bank accounts not held by the District's Fiscal Agent. Reconciliations were not prepared for these accounts. Allen County is custodian for a portion of the District's deposits and therefore the County's deposit and investment pool holds a portion of the District's assets. We compared the District's fund balances reported on its December 31, 2015 and 2014 Cash Basis Annual Financial Report to the balances reported in Allen County's Fund Balance Report plus the balances reported in the District's Fund Balances Report. The amounts agreed. We also compared the balances reported in the District's Fund Balances report to the balances reported on the 2015 and 2014 bank statements held by the District. The amounts agreed.
2. We agreed the January 1, 2014 beginning fund balances recorded in the County's Fund Balance Report and the District's Fund Balances Report, which only reflect the balances of three accounts held directly by the District, to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the County's Fund Balance Report and the beginning fund balances recorded in the District's Fund Balances Report to the December 31, 2014 balances in the County's Fund Balance Report and the District's Fund Balances Report, respectively. We found no exceptions.
3. We agreed the totals per the bank statements held in the District's name to the total of the December 31, 2015 and 2014 fund cash balances reported in the District's Fund Balances Reports. The amounts agreed.

Cash (Continued)

4. We confirmed the December 31, 2015 bank account balances for accounts held in the District's name with the District's financial institution. We found no exceptions. We attempted to agree the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation, however, reconciliations were not prepared for these accounts.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the YTD Detail Revenue Report. The receipts in 2015 and 2014 were posted at net of fees versus gross.

Property tax receipts should be reported at the gross amount collected by the County Auditor with the related auditor and treasurer fees withheld by the County Auditor being recorded as disbursements. In 2015, the 1st Half Real Estate receipts were recorded at the net amount and tax collection fees were not recorded which resulted in the understatement of receipts and disbursements in the General Fund by \$13,702.25. In 2014, the 2nd Half Real Estate receipts were recorded at the net amount and tax collection fees were not recorded which resulted in the understatement of receipts and disbursements in the General Fund by \$13,900.46.

The failure to record property tax receipts at the gross amount resulted in the understatement of activity in the accounting records and financial statements. Also monitoring of collections is inhibited since budgeted receipts recorded in the accounting system are based on the Amended Certificate of Estimated Receipts which reflects property taxes at the gross amount.

Property tax Statements should be reviewed to help ensure that receipts are recorded at the gross amount and related deductions are recorded as disbursements.

- b. We determined whether the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the YTD Detail Revenue Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the YTD Detail Revenue Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2014 for Allen County, who acts as the District's fiscal agent. We agreed the receipts in total to the RPR-Rollback-Real Property Distribution for real estate homestead, the Manufactured Home Rollback Certification for manufactured rollback, and the Manufactured Home Homestead Certification (the Forms) for manufactured homestead amounts. These forms are used by the County to allocate to County Funds and to entities in which the County acts as fiscal agent. We agreed the receipts on these Forms to the receipts recorded in the District Funds as described below. We also selected five receipts from the County Auditor's YTD Detail Expenditure Report from 2014.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

- a. We compared the amount from the above reports to the amount recorded in the YTD Detail Revenue Report. We noted that a manufactured home homestead receipt in 2014 per the DTL did not agree to the Form and did not agree to the YTD Detail Revenue Report. The receipt was recorded on the DTL as \$1,019.89 and was recorded on the Manufactured Home Homestead Certification and the YTD Detail Revenue Report as \$1,069.29. The District should contact the fiscal agent to investigate this difference. In 2014, real estate homestead and rollback receipts listed on the State Distribution Transaction List were recorded net of fees withheld by the State of Ohio. As a result General Fund receipts and disbursements were understated by \$521.39 and \$628.29, respectively for the tested receipts. The District should ensure that all receipts are recorded at the gross amount, net of fees. No other exceptions were noted.
 - b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the District during 2014 with the Commission via the OPWC Disbursement History report available on their website. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the YTD Detail Revenue Report and YTD Detail Expenditure Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances or any debt payment activity during 2015 or 2014.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Earning & Deduction Detail Proof Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Earning & Deduction Detail Proof Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding

Payroll Cash Disbursements (Continued)

- e. Federal, State & Local income tax withholding authorization and withholding
- f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether remittances were timely paid by the fiscal agent Allen County, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2016	January 25, 2016	10,209.39	10,209.39
State income taxes	January 15, 2016	January 11, 2016	1,934.65	1,934.65
Local income tax - City of Lima	January 15, 2016	January 11, 2016	130.05	130.05
Local income tax - City of Wapakoneta	January 31, 2016	January 11, 2016	37.14	37.14
Local income tax - Village of Spencerville	January 31, 2016	January 11, 2016	40.24	40.24
Local income tax - Village of Bluffton	January 31, 2016	January 11, 2016	26.60	26.60
OPERS retirement	January 30, 2016	January 27, 2016	2,537.75	2,537.75

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the YTD Detail Expenditure Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the YTD Detail Expenditure Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the YTD Detail Revenue Report for the General and Capital Projects funds for the years ended December 31, 2015 and 2014.

The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General fund in 2014. The YTD Detail Revenue Report recorded budgeted (i.e. certified) resources for the General fund of \$1,763,300 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,471,779.81. The fiscal officer should periodically

Compliance – Budgetary (Continued)

compare amounts recorded in the YTD Detail Revenue Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

We also noted that the District did not include the Capital Projects fund in the Amended Official Certificate of Estimated Resources for 2015 or 2014. The fiscal officer should periodically review the estimated receipts to ensure that the *Amended Official Certificate of Estimated Resources* is updated to reflect any new sources of revenue. If new sources of revenue are not included, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General and Capital Projects funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the YTD Detail Expenditure Report for 2015 and 2014 for the following funds: General and Capital Projects funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the YTD Detail Expenditure report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General and Capital Projects funds for the years ended December 31, 2015 and 2014. We noted that Capital Projects appropriations for 2015 and 2014 exceeded certified resources by \$2,432,757 and \$2,520,700, respectively, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the District to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General and Capital Projects fund, as recorded in the YTD Detail Expenditure Report. We noted no funds for which expenditures exceeded appropriations.
6. We scanned the 2015 and 2014 YTD Detail Revenue Reports and YTD Detail Expenditure Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
7. We inquired of management and scanned the YTD Detail Expenditure Reports to determine whether the District elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the District did not establish these reserves.
8. We scanned the Allen County's Fund Balance Report and the District's Fund Balances Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the District filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the District, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 29, 2016



Dave Yost • Auditor of State

JONNY 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 25, 2016**