



Dave Yost • Auditor of State

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

The Olander Park System
Lucas County
6930 Sylvania Ave.
Sylvania, Ohio 43560-3534

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of The Olander Park System, Lucas County, Ohio, (TOPS) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to TOPS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of TOPS' internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, TOPS prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though TOPS does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of TOPS as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of The Olander Park System, Lucas County, Ohio, as of December 31, 2016 and 2015, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, on our consideration of TOPS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 TOPS' internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 29, 2017

The Olander Park System

Lucas County

Statement of Receipts, Disbursements

and Changes in Fund Balance (Regulatory Cash Basis)

General Fund

For the Year Ended December 31, 2016

	<u>General</u>
Cash Receipts	
Property Taxes	\$823,545
Charges for Services	92,682
Intergovernmental	321,577
Earnings on Investments	2,436
Miscellaneous	12,309
	<hr/>
<i>Total Cash Receipts</i>	<i>1,252,549</i>
	<hr/>
Cash Disbursements	
Current:	
Conservation/Recreation:	
Personal Services	597,398
Charges & Services	95,685
Materials & Supplies	27,332
Operating Expenses	83,080
Utilities	34,973
Miscellaneous	9,519
Capital Outlay	247,040
Debt Service:	
Principal Retirement	34,500
Interest and Fiscal Charges	3,210
	<hr/>
<i>Total Cash Disbursements</i>	<i>1,132,737</i>
	<hr/>
<i>Net Change in Fund Cash Balance</i>	<i>119,812</i>
	<hr/>
<i>Fund Cash Balance, January 1</i>	<i>191,010</i>
	<hr/>
Fund Cash Balance, December 31	
Assigned	217,845
Unassigned	92,977
	<hr/>
<i>Fund Cash Balance, December 31</i>	<i>\$310,822</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statement

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Olander Park System (TOPS), Lucas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Lucas County appoints a three-member Board of Commissioners to govern TOPS. 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.

TOPS' management believes this financial statement presents all activities for which TOPS is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

TOPS' financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

Fund Accounting

TOPS uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of TOPS is presented below:

General Fund - The General Fund accounts for and reports all financial resources. The general fund balance is available to TOPS for any purpose provided it is expended according to the general laws of Ohio.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2016

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. TOPS Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires TOPS to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Deposit and Investments

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

Capital Assets

TOPS records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which TOPS must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - TOPS classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed - Commissioners can *commit* amounts via formal action (resolution). TOPS 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.

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2016

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 TOPS Commissioners or a TOPS official delegated that authority by resolution, or by State Statute.

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.

TOPS 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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,067,600	\$1,252,549	\$184,949

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,153,645	\$1,132,737	\$20,908

Note 4 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2016 \$32,360
Amounts on deposit with fiscal agent	278,462
Total deposits	\$310,822

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2016

Deposits

Demand deposits are insured by the Federal Depository Insurance Corporation. Amounts on deposit with the fiscal agent are pooled with Lucas County's deposits, and it is not feasible to determine the manner in which TOPS' deposits are insured. The extent of Lucas County's collateralization is disclosed in their audit report for fiscal year ended December 31, 2016.

Note 5 – Property Taxes

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 statement includes 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.

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

Note 6 – Risk Management

Commercial Insurance

TOPS has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

TOPS' 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. OPERS members contributed 10%, of their gross salaries and TOPS contributed an amount equaling 14%, of participants' gross salaries. TOPS has paid all contributions required through December 31, 2016.

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2016

Note 8 - Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Land Purchase Note	\$69,000	5.25%

TOPS entered into a debt agreement with Waterford Bank, NA on February 13, 2014 in the amount of \$172,500 at a 5.25 rate of interest over 4 years. The purpose of this debt issue was to finance the acquisition of property to enlarge the park system.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

	Land Purchase Note
Year ending December 31:	
2017	\$38,123
2018	36,311
Total	\$74,434

Note 10 - Subsequent Events

TOPS failed to provide levy documentation to Lucas County in time and were unable to renew their property tax levy in 2016, resulting in loss of Property Tax Receipts of over \$800,000 per year beginning in 2017. As a result of this, an amendment to the debt payment schedule was made in 2017, so that the debt will now mature in 2021.

The Olander Park System

Lucas County

Statement of Receipts, Disbursements

and Changes in Fund Balance (Regulatory Cash Basis)

General Fund

For the Year Ended December 31, 2015

	<u>General</u>
Cash Receipts	
Property Taxes	\$810,178
Charges for Services	97,205
Intergovernmental	165,735
Earnings on Investments	1,925
Miscellaneous	20,612
	<hr/>
<i>Total Cash Receipts</i>	<i>1,095,655</i>
	<hr/>
Cash Disbursements	
Current:	
Conservation/Recreation:	
Personal Services	599,020
Charges & Services	218,263
Materials & Supplies	58,979
Operating Expenses	131,265
Utilities	34,788
Miscellaneous	22,533
Capital Outlay	31,402
Debt Service:	
Principal Retirement	34,500
Interest and Fiscal Charges	6,137
	<hr/>
<i>Total Cash Disbursements</i>	<i>1,136,887</i>
	<hr/>
<i>Net Change in Fund Cash Balance</i>	<i>(41,232)</i>
	<hr/>
<i>Fund Cash Balance, January 1</i>	<i>232,242</i>
	<hr/>
Fund Cash Balance, December 31	
Assigned	86,045
Unassigned	104,965
	<hr/>
<i>Fund Cash Balance, December 31</i>	<i>\$191,010</i>
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See accompanying notes to the basic financial statement

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

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TOPS' management believes this financial statement presents all activities for which TOPS is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2015

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. TOPS Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires TOPS to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

Deposit and Investments

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

Capital Assets

TOPS records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which TOPS must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - TOPS classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed - Commissioners can *commit* amounts via formal action (resolution). TOPS 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.

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2015

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 TOPS Commissioners or a TOPS official delegated that authority by resolution, or by State Statute.

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.

TOPS 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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,120,191	\$1,095,655	(\$24,536)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,292,200	\$1,136,887	\$155,313

Note 4 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2015 \$20,168
Amounts on deposit with fiscal agent	170,842
Total deposits	\$191,010

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2015

Deposits

Demand deposits are insured by the Federal Depository Insurance Corporation. Amounts on deposit with the fiscal agent are pooled with Lucas County's deposits, and it is not feasible to determine the manner in which TOPS' deposits are insured. The extent of Lucas County's collateralization is disclosed in their audit report for fiscal year ended December 31, 2015.

Note 5 – Property Taxes

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 statement includes 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.

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

Note 6 – Risk Management

Commercial Insurance

TOPS has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

TOPS' 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. OPERS members contributed 10%, of their gross salaries and TOPS contributed an amount equaling 14%, of participants' gross salaries. TOPS has paid all contributions required through December 31, 2015.

The Olander Park System
Lucas County
Notes to the Financial Statement
For the Year Ended December 31, 2015

Note 8 - Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Land Purchase Note	\$103,500	5.25%

TOPS entered into a debt agreement with Waterford Bank, NA on February 13, 2014 in the amount of \$172,500 at a 5.25 rate of interest over 4 years. The purpose of this debt issue was to finance the acquisition of property to enlarge the park system.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

	Land Purchase Note
Year ending December 31:	
2016	\$39,934
2017	38,123
2018	36,311
Total	\$114,368

Note 10 - Subsequent Events

TOPS failed to provide levy documentation to Lucas County in time and were unable to renew their property tax levy in 2016, resulting in loss of Property Tax Receipts of over \$800,000 per year beginning in 2017. As a result of this, an amendment to the debt payment schedule was made in 2017, so that the debt will now mature in 2021.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The Olander Park System
Lucas County
6930 Sylvania Ave.
Sylvania, Ohio 43560-3534

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of The Olander Park System, Lucas County, Ohio (TOPS) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 29, 2017 wherein we noted TOPS followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered TOPS' internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of TOPS' internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of TOPS' financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether TOPS' 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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of TOPS' internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering TOPS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 29, 2017

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness - Financial Reporting

TOPS should have procedures in place to prevent or detect material misstatements for the accurate presentation of TOPS' financial statements and notes to the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The Executive Director did not always accurately post receipts and disbursements to TOPS' accounting system. Also, the Executive Director did not accurately reflect the assigned fund balances at year ends. These were the result of not performing a review of entered financial statement amounts and lack of understanding concerning the requirements of GASB Statement No. 54. Errors such as the following were noted in the financial statements which required material audit adjustments:

- Intergovernmental receipts in the amount of \$56,006 for 2015 for EPA grant monies received were posted as Miscellaneous receipts
- In 2016 TOPS was the beneficiary of \$164,028 of Ohio Department of Transportation money sent directly to the vendor. The receipts and expenditure activity for this grant was not recorded on the ledgers.
- In 2015 TOPS did not include the carrying amount of demand deposits in the amount of \$17,943 in the beginning fund balance.
- Net demand deposits activity reducing Miscellaneous Disbursements in the amounts of \$12,192 and \$2,225 for 2016 and 2015, respectively, were not recorded on the ledgers.
- Assigned fund cash balance amounts of \$217,845 and \$86,045 for 2016 and 2015, respectively, for appropriations in excess of estimated receipts for 2017 and 2016 were posted as Unassigned fund cash balance amounts.

As a result, the financial statements did not correctly reflect the financial activity of TOPS. The accompanying financial statements have been adjusted to reflect these amounts in the correct accounts.

We recommend the Executive Director post all transactions in accordance with the guidance established by the Auditor of State. Further, TOPS should adopt policies and procedures including a final review of the financial statements by the Executive Director and Park Commissioners to ensure that errors and omissions are detected and corrected.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding was first issued in the 2013-2014 audits. Material Weakness – Monitoring Financial Activity – numerous financial statement errors were noted resulting in significant audit adjustments and reclassifications.	Not Corrected and repeated as Finding 2016-001 in this report.	Recurrence due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Executive Director will perform detailed reviews of financial information to ensure revenue and expenditures are properly posted.



Dave Yost • Auditor of State

OLANDER PARK SYSTEM

LUCAS 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
JULY 13, 2017**