



OHIO AUDITOR OF STATE
KEITH FABER



**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Johnny Appleseed Metropolitan Park District, Allen County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

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 the District's 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 the District's internal control. Accordingly, we express no such 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 1 of the financial statements, the District 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.

Efficient • Effective • Transparent

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 the District 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 the District as of December 31, 2019 and 2018, and the respective 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, receipts and disbursements by fund type, and related notes of the Johnny Appleseed Metropolitan Park District, Allen County as of December 31, 2019 and 2018, 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 1.

Emphasis of Matter

As discussed in Note 8 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, 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. 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 the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 16, 2020

Johnny Appleseed Metropolitan Park District*Allen County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$2,663,473		\$2,663,473
Charges for Services	168,545		168,545
Fines, Licenses and Permits	25		25
Intergovernmental	293,808	\$248,604	542,412
Earnings on Investments	67,147		67,147
Gifts & Donations	10,936		10,936
Miscellaneous - Sundry Revenue	20,633		20,633
<i>Total Cash Receipts</i>	<u>3,224,567</u>	<u>248,604</u>	<u>3,473,171</u>
Cash Disbursements			
Salaries	1,103,635		1,103,635
Medicare	15,206		15,206
Public Employee Retirement	157,438		157,438
Workers Compensation	7,272		7,272
Medical Fringe Benefits	206,885		206,885
Supplies	102,687		102,687
Materials	49,306		49,306
Equipment	213,418		213,418
Contracts - Repair	10,725		10,725
Contract - Services	153,184		153,184
Rentals	1,752		1,752
Advertising & Printing	17,951		17,951
Travel & Expenses	11,359		11,359
Clean Ohio Grant	17,223	248,604	265,827
Other	124,816		124,816
Auditor/Treasurer Fees	50,016		50,016
Capital Outlay	1,319,363		1,319,363
<i>Total Cash Disbursements</i>	<u>3,562,236</u>	<u>248,604</u>	<u>3,810,840</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(337,669)</u>	<u>(0)</u>	<u>(337,669)</u>
<i>Fund Cash Balances, January 1, 2019</i>	<u>2,162,544</u>	<u>0</u>	<u>2,162,544</u>
Fund Cash Balances, December 31			
Assigned	<u>1,824,875</u>	<u>0</u>	<u>1,824,875</u>
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$1,824,875</u>	<u>(\$0)</u>	<u>\$1,824,875</u>

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

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**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2019 to December 31, 2019

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, 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 Commissioners 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 Park District Foundation of Allen County is a related organization of the Park District Financial information is not included in these statements. See additional information in Note 7.

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

B. Accounting Basis

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

These financial statements follow 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).

These statements include 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.

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.

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 type:

1. General Fund

The General Fund accounts for and reports all financial resources.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2019 to December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following capital project fund:

Clean Ohio Grant Fund - The Clean Ohio Grant fund accounts for and reports proceeds of this grant. The proceeds are restricted for this 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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.

F. Fund Balance

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.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2019 to December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Capital Assets

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.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2019 to December 31, 2019

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,034,396	\$3,224,567	\$190,171
Capital Projects	248,604	248,604	0
Total	\$3,283,000	\$3,473,171	\$190,171

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,431,636	\$3,702,955	\$1,728,681
Capital Projects	248,604	248,604	0
Total	\$5,680,240	\$3,951,559	\$1,728,681

3. 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.

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

4. RETIREMENT SYSTEM

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. 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, 2019.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2019 to December 31, 2019

5. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

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

7. PARK DISTRICT FOUNDATION OF ALLEN COUNTY

The Park District Foundation of Allen County (the “Foundation”) is a not-for-profit corporation that was incorporated on March 11, 1987. The Foundation was formed for charitable purposes by conducting supporting activities for the benefit of the Johnny Appleseed Metropolitan Park District.

Unaudited financial statements of the Foundation may be obtained by contacting Kevin Haver, Treasurer/Secretary of Johnny Appleseed Metropolitan Park District, 2355 Ada Road Lima, Ohio 45801.

8. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Johnny Appleseed Metropolitan Park District
Allen County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Governmental Funds - General Fund
For the Year Ended December 31, 2018

Cash Receipts	
Property Taxes	\$2,644,710
Charges for Services	147,338
Fines, Licenses and Permits	124
Intergovernmental	331,172
Earnings on Investments	39,884
Gifts & Donations	34,568
Miscellaneous - Sundry Revenue	37,887
<i>Total Cash Receipts</i>	<u>3,235,683</u>
Cash Disbursements	
Salaries	988,097
Medicare	13,512
Public Employee Retirement	138,460
Workers Compensation	292
Unemployment	2,056
Medical Fringe Benefits	210,693
Supplies	94,298
Materials	75,307
Equipment	95,000
Contracts - Repair	9,541
Contract - Services	173,770
Rentals	3,796
Advertising & Printing	21,916
Travel & Expenses	6,282
Clean Ohio Grant	49,500
Other	140,308
Auditor/Treasurer Fees	50,182
Capital Outlay	1,177,882
<i>Total Cash Disbursements</i>	<u>3,250,892</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,209)</u>
<i>Fund Cash Balance, January 1, 2018</i>	<u>2,177,753</u>
Fund Cash Balance, December 31	
Assigned	<u>2,162,544</u>
<i>Fund Cash Balance, December 31, 2018</i>	<u><u>\$2,162,544</u></u>

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

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**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2018 to December 31, 2018

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, 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 Park District Foundation of Allen County is a related organization of the Park District. Financial information is not included in these statements. See additional information in Note 7.

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

B. Accounting Basis

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

These financial statements follow 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).

These statements include 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.

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.

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:

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2018 to December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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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.

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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:

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

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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.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2018 to December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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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.

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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.

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G. Capital Assets

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

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**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2018 to December 31, 2018

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,259,716	\$3,235,683	(\$24,033)
Total	\$3,259,716	\$3,235,683	(\$24,033)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,609,198	\$3,642,127	\$967,071
Total	\$4,609,198	\$3,642,127	\$967,071

3. 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.

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

4. RETIREMENT SYSTEM

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. 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, 2018.

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS – January 1, 2018 to December 31, 2018

5. POSTEMPLOYMENT BENEFITS

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

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
-

7. PARK DISTRICT FOUNDATION OF ALLEN COUNTY

The Park District Foundation of Allen County (the “Foundation”) is a not-for-profit corporation that was incorporated on March 11, 1987. The Foundation was formed for charitable purposes by conducting supporting activities for the benefit of the Johnny Appleseed Metropolitan Park District.

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8. SUBSEQUENT EVENT

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INDEPENDENT AUDITOR'S 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, 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 by fund type of the Johnny Appleseed Metropolitan Park District, Allen County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 16, 2020 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's 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 the District's 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 2019-001 to be a material weakness.

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, 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 the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 16, 2020

**JOHNNY APPLESEED METROPOLITAN PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the December 31, 2019 financial statements:

- Medicare and medical fringe benefits disbursements in the amounts of \$15,206 and \$206,885, respectively, were incorrectly classified as salaries disbursements in the General Fund;
- Capital Outlay disbursements, without related assigned, committed, or restricted receipts or an opening fund balance to cover the disbursements, in the amount of \$1,319,363 were recorded in the Clean Ohio Grant Capital Projects Fund instead of the General Fund;
- Local share disbursements related to the Ohio Public Works Commission Clean Ohio Grant in the amount of \$17,223 were incorrectly recorded within the Clean Ohio Grant Capital Projects Fund instead of the General Fund;
- Subsequent year appropriations in the General Fund exceeded estimated receipts by \$1,824,875 and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

The following errors were identified in the December 31, 2018 financial statements:

- Medicare and medical fringe benefits disbursements in the amounts of \$13,512 and \$210,693, respectively, were incorrectly classified as salaries disbursements in the General Fund;
- Capital Outlay disbursements, without related assigned, committed, or restricted receipts or an opening fund balance to cover the disbursements, in the amount of \$1,177,882 were recorded in the Capital Projects Fund instead of the General Fund;
- Subsequent year appropriations in the General Fund exceeded estimated receipts by \$2,162,544 and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance;

The 2019 and 2018 notes to the financial statements had errors in the amounts reported as budgeted receipts and appropriations in the budgetary activity note, did not include a description of the capital projects fund in 2019, and omitted the post-employment benefits note.

**FINDING NUMBER 2019-001
(Continued)**

The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. There was no impact on the accounting records.

A receipt classification error in the amount of \$5,423 that was not material to the General Fund financial statements in 2019 was not adjusted in the accompanying financial statements.

The failure to perform a final review of the financial statements and notes prior to filing may have contributed to the errors noted above.

Errors and omissions may result in the material misstatement of the financial statements and notes to the financial statements along with inhibiting the users understanding of the results of operations.

The errors identified above should be reviewed when preparing the financial statements to help ensure that similar errors do not occur in subsequent years. In addition, the financial statement note shells on the Auditor of State website at <https://ohioauditor.gov/> should be utilized to help ensure completeness of the notes to the financial statements.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



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
JULY 21, 2020**