



**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Type - For the Year Ended December 31, 2004	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Type - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	17

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

The Olander Park System
Lucas County
6930 Sylvania Avenue
Sylvania, Ohio 43560-3524

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 a February 2, 2005 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 29, 2005

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

The Olander Park System
Lucas County
6930 Sylvania Avenue
Sylvania, Ohio 43560-3524

To the Board of Commissioners:

We have audited the accompanying financial statements of The Olander Park System, Lucas County, (TOPS) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of TOPS 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, TOPS 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.

Revisions to GAAP would require TOPS to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While TOPS does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. TOPS has elected not to reformat its statements. Since TOPS does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of TOPS as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of The Olander Park System, Lucas County, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires TOPS to include Management's Discussion and Analysis for the year ended December 31, 2004. TOPS has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2005, 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. 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.



Betty Montgomery
Auditor of State

November 29, 2005

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:

General Property Tax - Real Estate	\$805,569
Tangible Personal Property Tax	53,549
Intergovernmental Revenue	107,663
Grants	338,000
Investment Income	4,922
Fees	31,553
Sales	4,879
Rentals	47,606
Refunds	1,621
Other Receipts	<u>2,200</u>
Total Cash Receipts	<u>1,397,562</u>

Cash Disbursements:

Current:	
Salaries - Employees	371,385
Supplies	41,841
Materials	5,510
Equipment	26,229
Motor Vehicle	12,590
Contracts - Repair	6,541
Contracts - Services	24,157
Contracts - Utilities	26,547
Capital Projects - Park Development	17,554
Capital Projects - Programs	11,875
Rentals	645
Advertising and Printing	44,967
Conference and Travel	8,999
Improvements	31,600
Professional Services	31,762
FICA	5,527
Public Employees Retirement	50,210
Workers' Compensation	950
Liability Insurance	27,935
Insurance Group	29,346
Debt:	
Payment of Principal	311,000
Payment of Interest	47,522
Finance and Other Debt-Service Related	227
Other	<u>4,362</u>
Total Cash Disbursements	<u>1,139,281</u>

Total Receipts Over/(Under) Disbursements	<u>258,281</u>
---	----------------

Other Financing Receipts/(Disbursements):

Proceeds from Sale of Notes	<u>100,000</u>
Total Other Financing Receipts/(Disbursements)	<u>100,000</u>

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	358,281
--	---------

Fund Cash Balances, January 1	<u>186,663</u>
-------------------------------	----------------

Fund Cash Balances, December 31	<u>544,944</u>
--	-----------------------

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

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

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

Cash Receipts:	
General Property Tax - Real Estate	\$762,577
Tangible Personal Property Tax	50,900
Intergovernmental Revenue	102,031
Investment Income	4,219
Gifts and Donations	2,300
Fees	31,754
Sales	4,332
Rentals	53,538
Refunds	10,421
Other Receipts	<u>5,364</u>
Total Cash Receipts	<u>1,027,436</u>
Cash Disbursements:	
Current:	
Salaries - Employees	355,332
Supplies	40,984
Materials	21,019
Equipment	29,882
Motor Vehicle	10,382
Contracts - Repair	7,304
Contracts - Services	20,810
Contracts - Utilities	24,630
Capital Projects - Park Development	1,462,061
Capital Projects - Programs	12,550
Rentals	749
Advertising and Printing	47,644
Conference and Travel	6,497
Improvements	231,467
Professional Services	46,128
FICA	5,022
Public Employees Retirement	46,979
Workers' Compensation	638
Unemployment Compensation	87
Liability Insurance	22,968
Insurance Group	27,860
Other	<u>4,457</u>
Total Cash Disbursements	<u>2,425,450</u>
Total Receipts Over/(Under) Disbursements	<u>(1,398,014)</u>
Other Financing Receipts/(Disbursements):	
Proceeds from Sale of Public Debt:	
Sale of Notes	<u>1,100,000</u>
Total Other Financing Receipts/(Disbursements)	<u>1,100,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(298,014)
Fund Cash Balances, January 1	<u>484,677</u>
Fund Cash Balances, December 31	<u>\$186,663</u>

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

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Olander Park System, Lucas County, (TOPS) as a body corporate and politic. 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 these financial statements present all activities for which TOPS is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. TOPS 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.

C. Cash and Investments

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

D. Fund Accounting

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

General Fund

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

E. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners to budget each fund annually.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. 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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires TOPS to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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 CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$56,320	\$58,969
Amounts on Deposit with Fiscal Agent	488,624	127,694
Total deposits	<u>544,944</u>	<u>186,663</u>

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 reports for fiscal years ended December 31, 2004 and 2003.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,370,000	\$1,497,562	\$127,562

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,117,000	\$1,139,281	(\$22,281)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,113,000	\$2,127,436	\$1,014,436

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,372,000	\$2,425,450	(\$1,053,450)

Expenditures exceeded appropriations in fiscal years 2004 and 2003. Appropriations exceeded estimated revenue for fiscal year 2003.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners adopts 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.

Property owners assess tangible personal property tax. They must file a list of this 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 TOPS.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at December 31, 2004:

	Principal	Interest Rate
Land Purchase Note	809,000	4.25%
Fossil Park Improvements Note	80,000	0%
Total	\$889,000	

TOPS entered into a debt agreement with Sky Bank on June 17, 2003 in the amount of \$1,100,000 at a variable rate of interest and a maturity date of June 17, 2010. The purpose of this debt issue was to finance the purchase of the land known as Brint Park. TOPS is required to pay principal payments in the amount of \$150,000 on June 17th of each year.

TOPS entered into a debt agreement with the Sylvania Area Community Improvement Corporation on September 20, 2004 in the amount of \$100,000 at a zero percent interest rate and a maturity date of November 1, 2008. The purpose of this debt issue was to finance improvements at Fossil Park. TOPS is required to pay principal payments in the amount of \$20,000 on or before November 1st of each year.

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

	Land Purchase Note	Fossil Park Note
Year ending December 31:		
2005	\$93,525	\$20,000
2006	195,000	20,000
2007	186,000	20,000
2008	177,000	20,000
2009	168,000	
2010	159,000	
Total	\$978,525	\$80,000

6. RETIREMENT SYSTEM

TOPS' full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. TOPS contributed an amount equal to 13.55 percent of participants' gross salaries. TOPS has paid all contributions required through December 31, 2004.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

TOPS has obtained commercial insurance for the following risks:

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

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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 Avenue
Sylvania, Ohio 43560-3524

To the Board of Commissioners:

We have audited the financial statements of The Olander Park System, Lucas County, (TOPS) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 29, 2005, wherein we noted TOPS followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 TOPS' internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect TOPS' ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item, 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to TOPS' management dated November 29, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items, 2004-002, 2004-003 and 2004-004. In a separate letter to TOPS' management dated November 29, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use management and the Board of Commissioners. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 29, 2005

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2004-001

Reportable Condition

Document Reconciliation of Financial Records

The Olander Park System does not document performance of the critical control function of monthly reconciliation of TOPS manual records to those of its fiscal agent, the Lucas County Auditor. Financial activity (revenues/expenditures and fund balance) have not been reconciled to the Lucas County Auditor's records or reported to the Board of Park Commissioners.

This weakness could result in errors on the financial records that would not be detected in a timely manner and could result in misstatement of cash balances.

We recommend the following: (1) Performance of monthly reconciliations as evidenced by signature/initials of person(s) performing this critical control function; (2) Reconciliations be reviewed by someone other than person performing the reconciliation (i.e., Director or Park Commissioner); and (3) monitored by the Park Commissioners.

FINDING NUMBER 2004-002

Finding for Recovery

In March 2004, The Olander Park System reimbursed Gary Madrzykowski, Director, for travel expenses to a conference he attended. However, the reimbursed amount included the payment of a previously reimbursed invoice from February 2004 in the amount of \$172.87.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public money illegally expended is hereby issued against Gary Madrzykowski, Director, and in favor of The Olander Park System in the amount of \$172.87.

Gary Madrzykowski, Director, reimbursed The Olander Park System on October 18, 2005.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Revised Code § 5705.39 states in part that total appropriations from each fund shall not exceed the total of estimated resources available for expenditures there from, as certified by the budget commission or in the case of appeal, by the board of tax appeals.

TOPS' appropriations exceeded the amount contained in the Certificate of Estimated Resources for fiscal year 2003, by \$259,000, as shown below.

Certificate of Estimated

<u>Resources</u>	<u>Appropriations</u>	<u>Difference</u>
\$1,113,000	\$1,372,000	\$259,000

We recommend the Park Commissioners monitor the budget to assure the total amount appropriated does not exceed the amount contained in the Certificate of Estimated resources.

FINDING NUMBER 2004-004

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

For fiscal years 2004 and 2003 TOPS' expenditures exceeded appropriations by \$22,281 and \$1,053,450, respectively, as shown below.

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
2004	\$1,117,000	\$1,139,281	\$22,281
2003	\$1,372,000	\$2,425,450	\$1,053,450

We recommend the Park Commissioners monitor the budget to assure that expenditures do not exceed the appropriated amounts.

THE OLANDER PARK SYSTEM
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Monitoring of Records	NO	Not Corrected, revised and re-issued as Finding Number 2004-002



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**THE 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
DECEMBER 30, 2005**