



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 Statement

We have audited the accompanying financial statement 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, 2014 and 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement 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 opinion.

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

As described in Note 1 of the financial statement, TOPS prepared this financial statement 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 statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though TOPS does not intend this statement 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 statement 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of The Olander Park System, Lucas County, Ohio, as of December 31, 2014 and 2013, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, 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

January 8, 2016

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash Receipts		
Property Taxes	\$799,906	\$780,268
Charges for Services	98,270	93,300
Intergovernmental	1,097,504	138,408
Earnings on Investments	1,591	1,225
Miscellaneous	4,993	18,624
<i>Total Cash Receipts</i>	<i>2,002,264</i>	<i>1,031,825</i>
Cash Disbursements		
Current:		
Conservation/Recreation:		
Personal Services	561,897	580,901
Contract Services	138,113	157,949
Materials & Supplies	60,937	83,688
Operating Expenses	155,018	104,727
Utilities	31,340	27,787
Miscellaneous	25,197	20,258
Capital Outlay	1,148,839	6,677
Debt Service:		
Principal Retirement	165,225	
Interest and Fiscal Charges	10,654	
<i>Total Cash Disbursements</i>	<i>2,297,220</i>	<i>981,987</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(294,956)</i>	<i>49,838</i>
Other Financing Receipts		
Proceeds of Debt	303,225	
<i>Net Change in Fund Cash Balance</i>	<i>8,269</i>	<i>49,838</i>
<i>Fund Cash Balance, January 1</i>	<i>223,973</i>	<i>174,135</i>
Fund Cash Balance, December 31		
Assigned	172,009	71,264
Unassigned	60,233	152,709
<i>Fund Cash Balance, December 31</i>	<i>\$232,242</i>	<i>\$223,973</i>

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

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**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013**

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, Ohio, (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 this financial statement presents all activities for which TOPS is financially accountable.

B. Accounting Basis

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.

C. 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.

D. Fund Accounting

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

General Fund

The General Fund accounts for and reports all financial resources.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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. TOPS Board must annually approve appropriation measures and subsequent amendments.

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. Restricted

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

3. Committed

Commissioners can *commit* amounts via formal action (resolution). 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
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 TOPS Commissioners or a TOPS 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.

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

G. Property, Plant, and Equipment

TOPS records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand deposits	\$17,943	\$19,775
Amounts on deposit with fiscal agent	214,299	204,198
Total deposits	\$232,242	\$223,973

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 reports for fiscal years ended December 31, 2014 and 2013.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,219,900	\$2,305,489	\$1,085,589

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,291,164	\$2,298,213	(\$1,007,049)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,000,000	\$1,031,825	\$31,825

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,009,032	\$985,723	\$23,309

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$1,007,049 for the year ended December 31, 2014.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial 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.

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Land Purchase Note	\$138,000	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 of the above debt, including interest, is scheduled as follows:

	Land Purchase Note
Year ending December 31:	
2015	\$41,745
2016	39,934
2017	38,123
2018	36,311
Total	\$156,113

6. 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. For 2014 and 2013, 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, 2014.

7. RISK MANAGEMENT

Commercial Insurance

TOPS has obtained commercial insurance for the following risks:

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

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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

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 statement 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, 2014 and 2013, and the related notes to the financial statement and have issued our report thereon dated January 8, 2016 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 statement, 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 statement. 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 2014-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether TOPS' financial statement is 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-002.

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

January 8, 2016

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

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 statement which required material audit adjustments:

- Intergovernmental receipts in the amounts of \$154,318 and \$29,143 for 2014 and 2013, respectively, for various grant monies received were posted as Miscellaneous receipts
- In 2014 TOPS was the beneficiary of \$833,688 of State Ohio Public Works money sent directly to the vendor. The receipts and expenditure activity for this grant was not recorded on the ledgers.
- In 2014 TOPS entered into two separate bank loans totaling \$303,225 for the acquisition of property to enlarge the Park System from the Waterford Bank, N.A. and did not post the Proceeds of Debt and related Capital Outlay, nor an estimated resource or appropriation on the ledgers for this activity.
- Principal Retirement payments in the amounts of \$165,225 in 2014, along with \$10,654 for Interest and Fiscal Charges for the bank loans were misclassified as Contract Services disbursements.
- Assigned fund cash balance amounts of \$172,009 and \$71,264 for 2014 and 2013, respectively, for appropriations in excess of estimated receipts for 2015 and 2014 were posted as Unassigned fund cash balance amounts.

As a result, the financial statement did not correctly reflect the financial activity of TOPS. The accompanying financial statement has 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 statement by the Executive Director and Park Commissioners to ensure that errors and omissions are detected and corrected.

FINDING NUMBER 2014-002

Noncompliance Citation

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

**FINDING NUMBER 2014-002
(Continued)**

TOPS purchased land in the amount of \$1,136,913 through loans and on behalf of grants causing budgetary expenditures to exceed appropriations for 2014. TOPS appropriated \$1,291,164 and had budgetary expenditures of \$2,298,213, resulting in an excess of \$1,007,049. The Executive Director did not amend the annual appropriations measure to account for the additional expenditures, due to being unaware of this requirement.

The Board of Park Commissioners should assure all expenditures are appropriated as required by the Ohio Revised Code. We also recommend the Executive Director posts all transactions in accordance with the guidance established for recording appropriations on behalf of grants (Auditor of State Bulletin 2000-08) for recording the budgetary activity and the related memo receipts and expenditures for loans obtained.

Officials' Response:

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

**THE OLANDER PARK SYSTEM
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Finding for Recovery for \$688 against former Director for public monies illegally expended.	No	\$688 is listed as "unresolved" in the Auditor of State Finding for Recovery Database as of January 8, 2016
2012-002	Material weakness due to misclassification of debt activity on financial statements.	No	Not corrected and repeated as Finding 2014-001 in this report.
2012-003	Significant deficiency due to weakness in reimbursement controls.	No	Partially corrected and included in the management letter

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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
FEBRUARY 11, 2016**