



**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2011-2010**



**Dave Yost • Auditor of State**



**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

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# Dave Yost • Auditor of State

Preservation Parks of Delaware County  
Delaware County  
2656 Hogback Road  
Sunbury, Ohio 43074

To the Board of Park 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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District 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 adverse 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 black ink that reads "Robert R. Hinkle".

**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

July 12, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Preservation Parks of Delaware County  
Delaware County  
2656 Hogback Road  
Sunbury, OH 43074

To the Board of Park Commissioners:

We have audited the accompanying financial statements of Preservation Parks of Delaware County, Delaware County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the District's 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, the District 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Preservation Parks of Delaware County, Delaware County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 3, during 2011 the Preservation Parks of Delaware County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2012, 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. 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.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

July 12, 2012



**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General Fund	Capital Projects	Total (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$ 3,371,119	\$ -	\$ 3,371,119
Charges for Services	38,435	-	38,435
Fines, Licenses and Permits	92	-	92
Intergovernmental	600,907	-	600,907
Earnings on Investments	172	-	172
Miscellaneous	16,028	-	16,028
<i>Total Cash Receipts</i>	<u>4,026,753</u>	<u>-</u>	<u>4,026,753</u>
<b>Cash Disbursements</b>			
Current:			
Conservation/Recreation:			
Salaries	1,018,564	-	1,018,564
Fringe Benefits	384,199	-	384,199
Materials and Supplies	225,204	-	225,204
Services and Charges	428,463	-	428,463
Grants in Aid	97,972	-	97,972
Capital Outlay	1,803,549	-	1,803,549
Debt Service:			
Principal Retirement	351,383	-	351,383
Interest and Fiscal Charges	85,785	-	85,785
<i>Total Cash Disbursements</i>	<u>4,395,119</u>	<u>-</u>	<u>4,395,119</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(368,366)</u>	<u>-</u>	<u>(368,366)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,027,078</u>	<u>10,110</u>	<u>2,037,188</u>
<b>Fund Cash Balances, December 31</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	157,050	-	157,050
Assigned	22,401	10,110	32,511
Unassigned (Deficit)	1,479,261	-	1,479,261
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,658,712</u>	<u>\$ 10,110</u>	<u>\$ 1,668,822</u>

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

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 3,350,478	\$ -	\$ 3,350,478
Charges for Services	117,588	-	117,588
Intergovernmental	609,665	1,200,000	1,809,665
Earnings on Investments	276	-	276
Miscellaneous	14,318	-	14,318
Total Cash Receipts	<u>4,092,325</u>	<u>1,200,000</u>	<u>5,292,325</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Conservation/Recreation:			
Salaries	855,777	-	855,777
Fringe Benefits	305,455	-	305,455
Materials and Supplies	144,670	-	144,670
Equipment	167,047	-	167,047
Contracts - Repair	75,024	-	75,024
Contracts - Services	94,090	-	94,090
Advertising and Printing	30,269	-	30,269
Travel	5,792	-	5,792
Other	197,313	-	197,313
Capital Outlay	1,226,411	4,219,592	5,446,003
Debt Service:			
Redemption of Principal	342,002	-	342,002
Interest and Other Fiscal Charges	107,658	-	107,658
Total Cash Disbursements	<u>3,551,508</u>	<u>4,219,592</u>	<u>7,771,100</u>
Total Receipts Over/(Under) Disbursements	<u>540,817</u>	<u>(3,019,592)</u>	<u>(2,478,775)</u>
<b>Other Financing Receipts:</b>			
Loan Proceeds	-	3,000,000	3,000,000
Total Other Financing Receipts	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	540,817	(19,592)	521,225
Fund Cash Balances, January 1 (Restated)	<u>1,486,261</u>	<u>29,702</u>	<u>1,515,963</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 2,027,078</u></b>	<b><u>\$ 10,110</u></b>	<b><u>\$ 2,037,188</u></b>
Reserve for Encumbrances, December 31	<u>\$ 45,386</u>	<u>\$ -</u>	<u>\$ 45,386</u>

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

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 Preservation Parks of Delaware County, Delaware County, Ohio, (the District) as a body corporate and politic. The probate judge of Delaware 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 District's management believes these financial statements present all activities for which the District is financially accountable.

However, the District also has donated funds held by the Community Foundation of Delaware County during 2011 and 2010 for the Amy Clark/Bader Bird Sanctuary and the Preservation Parks of Delaware County Foundation. See the table below:

	<b>2011</b>	<b>2010</b>
Amy Clark/Bader Bird Sanctuary	\$2,406	\$3,473
Preservation Parks of Delaware County	\$2,647	\$2,604

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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. Deposit and Investments**

As the Ohio Revised Code permits, the Delaware 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 types:

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**1. General Fund**

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

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project fund:

The Big Run North Preserve Project Fund accounts for resources for the acquisition and preservation of land.

**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 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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

For December 31, 2011 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. Nonspendable**

The District classifies 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). 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.

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. Property, Plant, and Equipment**

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.

**2. Prior Period Adjustment**

As a result of implementing Governmental Accounting Standard Board (GASB) Statement No. 54 for fiscal year 2011, the District noted that no legal basis existed for the Mitigation Money Fund. As a result, the District has reclassified the Mitigation Money Fund to the General Fund for fiscal year 2010.

Fund balance at December 31, 2009	\$ 1,476,335	\$	9,926
Fund reclassification	9,926		(9,926)
Restated fund balance at January 1, 2010	\$ 1,486,261	\$	-

**3. Change in Accounting Principle**

For fiscal year 2011, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Implementing GASB Statement No. 54 had no effect on fund balances previously reported as the District reclassified the only Special Revenue Fund to the General Fund in fiscal year 2010 prior to GASB Statement No. 54 taking effect.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,999,558	\$4,026,753	\$27,195
Capital Projects	0	0	0
Total	\$3,999,558	\$4,026,753	\$27,195

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,396,371	\$4,574,570	\$821,801
Capital Projects	0	0	0
Total	\$5,396,371	\$4,574,570	\$821,801

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,996,214	\$4,092,325	\$96,111
Capital Projects	4,200,000	4,200,000	0
Total	\$8,196,214	\$8,292,325	\$96,111

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,174,764	\$3,596,894	\$1,577,870
Capital Projects	4,219,593	4,219,592	1
Total	\$9,394,357	\$7,816,486	\$1,577,871

**5. 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 the District.

**6. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$2,320,906	3.25%
Gallant Farm Note	25,351	7.00%
Total	\$2,346,257	

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Debt (Continued)**

**Ohio Water Development Authority**

In January 2010 the District received a loan from the Ohio Water Development Authority, for \$3,000,000 at 3.25% for the term of nine years to purchase land related to the Big Run North Preserve Project. The dedicated source of repayment will be the general revenue funds generated from the .6 mill ten year levy approved by the voters of Delaware County in November 2008.

**Gallant Farm Mortgage Note**

The District entered into an agreement on December 9, 1996, for \$181,000 at 7% for the term of twenty years to acquire additional park land. The District agreed to purchase the 98 acre tract for \$213,000 with a down payment of \$32,000 to be paid at closing. The annual interest shall be paid quarterly. The entire note is due twenty years from the date of execution. The contract provides for a six month demand notice at which time no more than twenty percent of the outstanding balance of the principal could be demanded in any one year. The District does not anticipate having to make any demand principal payments. To date the District has had \$160,939 in principal reduction.

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

Year ending December 31:	Ohio Water Development Authority	Gallant Farm Mortgage Note
2012	\$428,882	\$6,561
2013	428,882	5,187
2014	428,882	4,150
2015	428,882	3,319
2016	428,882	2,656
2017-2021	643,323	8,299
Total	<u>\$2,787,733</u>	<u>\$30,172</u>

**7. Retirement Systems**

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. For 2011 and 2010, 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, 2011.

**8. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Preservation Parks of Delaware County  
Delaware County  
2656 Hogback Road  
Sunbury, Ohio 43074

To the Board of Park Commissioners:

We have audited the financial statements of the Preservation Parks of Delaware County, Delaware County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 12, 2012, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles general accepted in the United States of America. We also noted the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. 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 the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-02 described in the accompanying schedule of findings 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, 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 and 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 12, 2012.

We intend this report solely for the information and use of management, the Board of Park Commissioners, and others within the District. We intend it for no one other than these specified parties.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

July 12, 2012

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-01**

**Noncompliance Citation**

**Ohio Revised Code § 5705.05** states that the purpose and intent of the general levy for current expenses is to provide one general operating fund derived from taxation from which any expenditures for current expenses of any kind may be made. The taxing authority of a political subdivision may include in such levy the amounts required for carrying into effect any of the general or special powers granted by law to such subdivision, including the acquisition or construction of permanent improvements and the payment of judgments, but excluding the payment of debt charges and, in the case of counties, the construction, reconstruction, resurfacing, or repair of roads and bridges.

The **District's Resolution Number 217** states in part "Whereas, the Ohio Water Pollution Control Loan Fund requires the government authority to pass legislation for application of a loan and the execution of an agreement as well as designating a dedicated repayment source...That the dedicated source of repayment will be the general revenue funds generated from the .6 mill 10 year levy approved by the voters of Delaware County in November 2008."

General levy monies should be allocated to the Debt Service Fund for the repayment of the notes. The District made payments on the Ohio Water Pollution Control Loan from the General Fund where general tax levy monies were commingled with other general fund monies.

The District should ensure that the County Auditor's office allocates the general levy monies to the Debt Service Fund to cover future obligations of the Ohio Water Pollution Control Loan and ensure all interest and principal payments are then paid from the Debt Service Fund rather than the General Fund.

**FINDING NUMBER 2011-02**

**Noncompliance Citation and Material Weakness**

**Ohio Revised Code § 5705.10(E)** states all proceeds from the sale of public obligations or fractionalized interests in public obligations as defined in section 133.01 of the Revised Code, except premium and accrued interest, shall be paid into a special fund for the purpose of such issue, and any interest and other income earned on money in such special fund may be used for the purposes for which the indebtedness was authorized or may be credited to the general fund or other fund or account as the taxing authority authorizes and used for the purposes of that fund or account. The premium and accrued interest received from such sale shall be paid into the sinking fund or the bond retirement fund of the subdivision.

In fiscal year 2010 the District received a \$3,000,000 loan through the Ohio Water Development Authority for the purpose of land acquisition and preservation. The proceeds and related disbursements were recorded in the District's General Fund rather than a special fund as required.

PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010  
(Continued)

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

FINDING NUMBER 2011-02  
(Continued)

**Noncompliance Citation and Material Weakness (Continued)**

Because the loan proceeds and disbursements were recorded in the General Fund rather than a special fund as required by the above Ohio Rev. Code Section an adjustment to the financial statements was required. The loan proceeds of \$3,000,000 and related capital outlay of \$3,000,000 were adjusted from the General Fund to the Capital Projects fund which already accounted for other restricted resources used for the same purpose as the loan proceeds.

The adjustment has been made to the accompanying financial statements. No adjustment was required to underlying accounting records.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.



# Dave Yost • Auditor of State

## PRESERVATION PARKS OF DELAWARE COUNTY

### DELAWARE 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  
SEPTEMBER 6, 2012