



**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Preservation Parks of Delaware County, Delaware County, Ohio (the District), as of and for the years ended December 31, 2013 and 2012.

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 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 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Preservation Parks of Delaware County, Delaware County, Ohio as of December 31, 2013 and 2012, and its combined 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 July 2, 2014, 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.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

Columbus, Ohio

July 2, 2014

**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, 2013**

	General	Capital Projects	Debt Service	Total
Cash Receipts				
Property Taxes	\$ 3,262,521	\$ -	\$ -	\$ 3,262,521
Charges for Services	72,026	-	-	72,026
Fines, Licenses and Permits	142	-	-	142
Intergovernmental	497,464	-	-	497,464
Miscellaneous	90,767	-	-	90,767
<i>Total Cash Receipts</i>	<u>3,922,920</u>	<u>-</u>	<u>-</u>	<u>3,922,920</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries	1,254,165	-	-	1,254,165
Fringe Benefits	459,670	-	-	459,670
Materials and Supplies	218,686	-	-	218,686
Services and Charges	494,818	-	-	494,818
Grants in Aid	48,777	-	-	48,777
Capital Outlay	828,678	-	-	828,678
Debt Service:				
Principal Retirement	4,072	-	367,999	372,071
Interest and Fiscal Charges	1,211	-	60,883	62,094
<i>Total Cash Disbursements</i>	<u>3,310,077</u>	<u>-</u>	<u>428,882</u>	<u>3,738,959</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>612,843</u>	<u>-</u>	<u>(428,882)</u>	<u>183,961</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	428,882	428,882
Transfers Out	(428,882)	-	-	(428,882)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(428,882)</u>	<u>-</u>	<u>428,882</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	183,961	-	-	183,961
<i>Fund Cash Balances, January 1, 2013</i>	<u>1,016,223</u>	<u>10,110</u>	<u>8</u>	<u>1,026,341</u>
Fund Cash Balances, December 31, 2013				
Restricted	-	10,110	-	10,110
Assigned	803,105	-	8	803,105
Unassigned	397,079	-	-	397,087
	<u>\$ 1,200,184</u>	<u>\$ 10,110</u>	<u>\$ 8</u>	<u>\$ 1,210,302</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, 2012**

	General	Capital Projects	Debt Service	Total
Cash Receipts				
Property Taxes	\$ 3,211,880	\$ -	\$ -	\$ 3,211,880
Charges for Services	26,210	-	-	26,210
Intergovernmental	573,851	-	-	573,851
Earnings on Investments	194	-	-	194
Miscellaneous	46,694	-	-	46,694
<i>Total Cash Receipts</i>	<u>3,858,829</u>	<u>-</u>	<u>-</u>	<u>3,858,829</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries	1,198,929	-	-	1,198,929
Fringe Benefits	442,296	-	-	442,296
Materials and Supplies	224,996	-	-	224,996
Services and Charges	356,075	-	-	356,075
Grants in Aid	38,273	-	-	38,273
Capital Outlay	1,805,298	-	-	1,805,298
Debt Service:				
Principal Retirement	5,090	-	356,324	361,414
Interest and Fiscal Charges	1,471	-	72,558	74,029
<i>Total Cash Disbursements</i>	<u>4,072,428</u>	<u>-</u>	<u>428,882</u>	<u>4,501,310</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(213,599)</u>	<u>-</u>	<u>(428,882)</u>	<u>(642,481)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	428,890	428,890
Transfers Out	(428,890)	-	-	(428,890)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(428,890)</u>	<u>-</u>	<u>428,890</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(642,489)	-	8	(642,481)
<i>Fund Cash Balances, January 1, 2012</i>	<u>1,658,712</u>	<u>10,110</u>	<u>-</u>	<u>1,668,822</u>
Fund Cash Balances, December 31, 2012				
Restricted	-	10,110	-	10,110
Committed	-	-	-	-
Assigned	671,226	-	8	671,234
Unassigned	344,997	-	-	344,997
<i>Fund Cash Balances, December 31, 2012</i>	<u>\$ 1,016,223</u>	<u>\$ 10,110</u>	<u>\$ 8</u>	<u>\$ 1,026,341</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, 2013 AND 2012**

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 2013 and 2012 for the Amy Clark/Bader Bird Sanctuary and the Preservation Parks of Delaware County Foundation. See the table below:

	2013	2012
Amy Clark/Bader Bird Sanctuary	\$1,917	\$2,162
Preservation Parks of Delaware County	\$7,155	\$5,078

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 PARK DISTRICT OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Debt Service Funds

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

3. Capital Project Fund

This fund accounts for and report 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:

The Bader Bird Sanctuary Fund accounts for resources for the preservation of bird species and the Sanctuary located at the Deer Haven preserve.

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 object level of control, and appropriations may not exceed estimated resources. The District 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 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 2013 and 2012 budgetary activity appears in Note 2.

**PRESERVATION PARK DISTRICT OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. 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.

2. 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.

3. 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.

4. 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 PARK DISTRICT OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,843,034	\$3,922,920	\$79,886
Debt Service	428,882	428,882	\$0
Total	\$4,271,916	\$4,351,802	\$79,886

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,767,658	\$3,806,800	\$960,858
Debt Service	428,882	428,882	0
Total	\$5,196,540	\$4,235,682	\$960,858

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,547,074	\$3,858,829	\$311,755
Debt Service	428,890	428,890	\$0
Total	\$3,975,964	\$4,287,719	\$311,755

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,205,883	\$4,711,976	\$493,907
Debt Service	428,890	428,882	8
Total	\$5,634,773	\$5,140,858	\$493,915

**PRESERVATION PARK DISTRICT OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$1,596,582	3.25%
Gallant Farm Note	16,289	7.00%
Total	\$1,612,871	

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.

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

	Ohio Water Development Authority	Gallant Farm Mortgage Note
Year ending December 31:		
2014	\$428,882	\$4,150
2015	428,882	3,319
2016	428,882	2,656
2017	428,882	8,299
Total	\$1,715,528	\$18,424

**PRESERVATION PARK DISTRICT OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. 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 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

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.



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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

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

To the Board of Park Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Preservation Parks of Delaware County, Delaware County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 2, 2014 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.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 communication is not suitable for any other purpose.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

Columbus, Ohio

July 2, 2014

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code §5705.05 and District Resolution #217	Yes	N/A
2011-02	Ohio Rev. Code §5705.10(E)	Yes	N/A

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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
AUGUST 26, 2014