



Dave Yost • Auditor of State

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY
DECEMBER 31, 2017 and 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Preservation Parks of Delaware County, Delaware County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Preservation Parks of Delaware County, Delaware County, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the December 31, 2015 fund balances have been restated to account for special revenue and capital project funds previously reported in the general fund. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2018

Preservation Parks District

Delaware County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property Taxes	\$3,583,507	\$0	\$0	\$0	\$3,583,507
Charges for Services	18,774	0	0	0	18,774
Fines, Licenses and Permits	168	0	0	0	168
Intergovernmental	521,046	7,044	0	1,454,348	1,982,438
Other Financing Sources	1,400	0	0	0	1,400
Donations	10,045	0	0	0	10,045
Miscellaneous	38,825	0	0	0	38,825
<i>Total Cash Receipts</i>	<u>4,173,765</u>	<u>7,044</u>	<u>0</u>	<u>1,454,348</u>	<u>5,635,157</u>
Cash Disbursements					
Current:					
Conservation/Recreation:					
Salaries	1,403,319	0	0	0	1,403,319
Fringe Benefits	538,080	0	0	0	538,080
Materials and Supplies	205,121	0	0	0	205,121
Services and Charges	577,643	0	0	0	577,643
Grants in Aid	997	3,565	0	0	4,562
Capital Outlay	991,892	0	0	1,459,645	2,451,537
Debt Service:					
Principal Retirement	0	0	418,650	37,964	456,614
Interest and Fiscal Charges	0	0	9,445	661	10,106
<i>Total Cash Disbursements</i>	<u>3,717,052</u>	<u>3,565</u>	<u>428,095</u>	<u>1,498,270</u>	<u>5,646,982</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>456,713</u>	<u>3,479</u>	<u>(428,095)</u>	<u>(43,922)</u>	<u>(11,825)</u>
Other Financing Receipts (Disbursements)					
Advances In	13,348	0	0	0	13,348
Advances Out	0	(3,479)	0	(9,869)	(13,348)
Transfers In	0	0	425,000	53,791	478,791
Transfers Out	(478,791)	0	0	0	(478,791)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(465,443)</u>	<u>(3,479)</u>	<u>425,000</u>	<u>43,922</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,730)</u>	<u>0</u>	<u>(3,095)</u>	<u>0</u>	<u>(11,825)</u>
<i>Fund Cash Balances, January 1, 2017</i>	<u>2,444,380</u>	<u>249</u>	<u>3,095</u>	<u>12,370</u>	<u>2,460,094</u>
Fund Cash Balances, December 31					
Restricted	0	249	0	12,370	12,619
Committed	0	0	0	0	0
Assigned	159,453	0	0	0	159,453
Unassigned	2,276,197	0	0	0	2,276,197
<i>Fund Cash Balances, December 31</i>	<u>\$2,435,650</u>	<u>\$249</u>	<u>\$0</u>	<u>\$12,370</u>	<u>\$2,448,269</u>

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

Preservation Parks District

Delaware County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property Taxes	\$3,574,847	\$0	\$0	\$0	\$3,574,847
Charges for Services	16,343	0	0	0	16,343
Fines, Licenses and Permits	132	0	0	0	132
Intergovernmental	516,083	107,531	0	2,079,162	2,702,776
Donations	186,093	0	0	0	186,093
Miscellaneous	26,597	0	0	0	26,597
<i>Total Cash Receipts</i>	<u>4,320,095</u>	<u>107,531</u>	<u>0</u>	<u>2,079,162</u>	<u>6,506,788</u>
Cash Disbursements					
Current:					
Conservation/Recreation:					
Salaries	1,361,843	0	0	0	1,361,843
Fringe Benefits	512,975	0	0	0	512,975
Materials and Supplies	172,081	0	0	0	172,081
Services and Charges	523,584	0	0	0	523,584
Grants in Aid	15,437	10,674	0	0	26,111
Capital Outlay	310,535	0	0	1,747,109	2,057,644
Debt Service:					
Principal Retirement	0	0	405,368	336,813	742,181
Interest and Fiscal Charges	0	0	20,427	6,521	26,948
<i>Total Cash Disbursements</i>	<u>2,896,455</u>	<u>10,674</u>	<u>425,795</u>	<u>2,090,443</u>	<u>5,423,367</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,423,640</u>	<u>96,857</u>	<u>(425,795)</u>	<u>(11,281)</u>	<u>1,083,421</u>
Other Financing Receipts (Disbursements)					
Advances In	0	3,479	0	9,869	13,348
Advances Out	(13,348)	0	0	0	(13,348)
Transfers In	0	1,424	428,882	349,767	780,073
Transfers Out	(780,073)	0	0	0	(780,073)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(793,421)</u>	<u>4,903</u>	<u>428,882</u>	<u>359,636</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>630,219</u>	<u>101,760</u>	<u>3,087</u>	<u>348,355</u>	<u>1,083,421</u>
<i>Fund Cash Balances, January 1, 2016 (Restated)</i>	<u>1,814,161</u>	<u>(101,511)</u>	<u>8</u>	<u>(335,985)</u>	<u>1,376,673</u>
Fund Cash Balances, December 31					
Restricted	0	249	0	12,370	12,619
Committed	0	0	3,095	0	3,095
Assigned	122,389	0	0	0	122,389
Unassigned	2,321,991	0	0	0	2,321,991
<i>Fund Cash Balances, December 31</i>	<u>\$2,444,380</u>	<u>\$249</u>	<u>\$3,095</u>	<u>\$12,370</u>	<u>\$2,460,094</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, 2017 AND 2016**

1. Reporting Entity

The Preservation Parks District (the District), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 received by the Community Foundation of Delaware County during 2017 and 2016 for the Amy Clark/Bader Bird Sanctuary and the Preservation Parks of Delaware County Foundation. See the table below:

	2017	2016
Amy Clark/Bader Bird Sanctuary	\$2,003	\$2,024
Preservation Parks of Delaware County Foundation	\$13,854	\$12,582

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following significant Special Revenue Funds:

The Ohio Environmental Education Grant Fund accounts for resources to enhance Ohio citizens' awareness and understanding of environmental issues.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2. Special Revenue (Continued)

The US Department of Fish and Wildlife Services and the US Department of Agriculture Fund account for the preservation of wildlife and agriculture.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

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

The Clean Ohio Trails Grant Fund accounts for funds to help develop and maintain recreation trails and trail-related facilities.

Ohio Public Works Commission Fund is dedicated to environmental conservations including acquisition of green space and the protection and enhancement of river and stream corridors.

The Nature Works Grant Fund accounts for the acquisition, development or rehabilitation of public parks and recreational areas.

The Ohio to Erie Trails Grant Fund accounts for land acquisition and trail construction.

The Metro Paving Project Fund accounts for costs associated with paving within the District.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

D. 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2017 and 2016 budgetary activity appears in Note 4.

E. 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.

F. Capital Assets

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

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.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

H. 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.

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, 2017 AND 2016
(Continued)**

3. Restatement to the Financial Statements

A restatement to the financial statements is required to account for special revenue and capital project funds previously reported in the general fund as follows:

	2016 Financial Statements		
	General Fund	Special Revenue Fund	Capital Projects Fund
Fund Balance December 31, 2015 Previously Reported	\$1,366,555	\$0	\$10,110
Cash	447,606	(101,511)	(346,095)
Restated Fund Balance December 31, 2015	\$1,814,161	(\$101,511)	(\$335,985)

4. Budgetary Activity

Budgetary activity for the year ending 2017 follows:

Fund Type	2017 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$4,228,836	\$4,187,113	(\$41,723)
Special Revenue	7,044	7,044	0
Debt Service	425,000	425,000	0
Capital Projects	1,508,139	1,508,139	0
Total	\$6,169,019	\$6,127,296	(\$41,723)

Fund Type	2017 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,876,072	\$4,199,295	\$676,777
Special Revenue	7,044	7,044	0
Debt Service	428,095	428,095	0
Capital Projects	1,508,139	1,508,139	0
Total	\$6,819,350	\$6,142,573	\$676,777

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

4. Budgetary Activity (Continued)

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,680,417	\$4,320,095	\$639,678
Special Revenue	112,434	112,434	0
Debt Service	428,882	428,882	0
Capital Projects	2,438,798	2,438,798	0
Total	\$6,660,531	\$7,300,209	\$639,678

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,694,029	\$3,691,541	\$1,002,488
Special Revenue	10,674	10,674	0
Debt Service	428,882	425,795	3,087
Capital Projects	2,090,443	2,090,443	0
Total	\$7,224,028	\$6,218,453	\$1,005,575

5. Property Taxes

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.

6. Advances

Outstanding advances at December 31, 2016, consisted of \$3,479 and \$9,869 in the District's special revenue fund and capital projects fund, respectively. These amounts were advanced from the general fund due to a restatement to the financial statements to account for grants and capital projects in the appropriate funds.

During 2017, the District returned the advance noted above in the amount of \$13,348. There were no other outstanding advances.

7. Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

8. Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

9. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

10. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

11. Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$418,650	3.00%
Logan Property	37,964	1.74%
Total	\$456,614	

The District paid the balances of all outstanding debt as of December 31, 2017.

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. In 2017, the District paid the outstanding principle balance of \$418,650.

On September 22, 2014, the District purchased four parcels of land from Susan J. Logan in the amount of \$1,280,000. The District paid \$277,167 as a down payment for the land at the time of closing, and \$230,000 of the sale price was donated to the District as a gift by the owner. The District entered into a mortgage agreement with the owner for the remaining balance of \$772,833 at 1.74% with the final payment due on July 2017. The District paid the outstanding principal of \$37,964 in 2017.

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Dave Yost • Auditor of State

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 cash balances, receipts and disbursements by fund type of the Preservation Parks of Delaware County, Delaware County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 26, 2018, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the December 31, 2015 fund balances have been restated to account for special revenue and capital project funds previously reported in the general fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

June 26, 2018

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness – Financial Statement Presentation

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The below adjustments were material to the financial statements, and were subsequently posted to the financial statements and accounting records, where applicable:

<i>Posting Errors</i>	<i>2016</i>
Intergovernmental receipts for the Clean Ohio Trails Grant were posted to the General Fund rather than the Capital Projects Fund	\$ 1,587,994
Intergovernmental receipts for Ohio Public Works Commission were posted to the General Fund rather than the Capital Projects Fund	\$ 5,368
Intergovernmental receipts from the Ohio Department of Natural Resources associated with the Nature Works Paving, Watercraft, and Meredith Street Trails Projects were posted to the General Fund rather than the Capital Projects Fund	\$ 485,800
The matching requirement for the Clean Ohio Trails grant was posted to the General Fund rather than the Capital Project Fund	\$ 58,622
The matching requirement for the Nature Works Paving and Meredith Street Trails Project were posted to the General Fund rather than the Capital Project Fund	\$ 291,145
The matching requirement for the Ohio to Erie Trails Grant were posted to the General Fund rather than the Special Revenue Fund	\$1,424
Clean Ohio Trails Grant reimbursement activities were posted to the General Fund rather than the Capital Projects Fund	\$ 9,869
Ohio Environmental Education Grant reimbursement activities were posted to the General Fund rather than the Special Revenue Fund	\$ 3,479

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

<p>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2017-001 (Continued)

Material Weakness – Financial Statement Presentation (Continued)

Principal Payments of \$69,719 were posted as Capital Outlay Expenditures to the General Fund rather than the Capital Projects Fund. Additionally, \$267,094 of Principal Expense was posted in the General Fund rather than the Capital Projects Funds.	\$ 336,813
The Debt Service Fund had \$3,095 of Committed monies incorrectly classified as Assigned.	\$3,095
Interest Payments of \$6,521 were posted to the General Fund rather than the Capital Projects Fund.	\$ 6,521
Grants in Aid expenditures of \$10,674 were posted to the General Fund rather than the Special Revenue Fund. Additionally, \$518 was posted as Grants in Aid within the General Fund rather than Capital Outlay Expenditures in the Capital Projects Fund.	\$11,192
Capital Outlay Expenditures were posted to the General Fund rather than the Capital Projects Fund.	\$1,746,591
Intergovernmental Receipts from the US Department of Fish and Wildlife Services and the US Department of Agriculture were posted to the General Fund rather than the Special Revenue Funds	\$7,231
Intergovernmental Receipts received from the State of Ohio were posted to the General Fund rather than the Special Revenue Funds	\$100,300

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-001 (Continued)

Material Weakness – Financial Statement Presentation (Continued)

<i>Posting Errors</i>	<i>2017</i>
Intergovernmental receipts for the Clean Ohio Trails Grant were posted to the General Fund rather than the Capital Projects Fund	\$ 1,322,126
Intergovernmental receipts from the Ohio Department of Transportation for the Metro Paving Project were posted to the General Fund rather than the Capital Projects Fund	\$ 132,222
The matching requirement for the Clean Ohio Trails grant was posted to the General Fund rather than the Capital Project Fund	\$15,166
Grants in Aid expenditures were posted to the General Fund rather than the Special Revenue Fund.	\$3,565
Principal Payments were posted in the General Fund rather than the Capital Projects Funds	\$37,964
Interest Payments were posted to the General Fund rather than the Capital Projects Fund.	\$661
Reimbursements to the General fund from the Special Revenue and Capital Projects Funds for grant expenditures funded by the General Fund.	\$13,348
Capital Outlay Expenditures were posted to the General Fund rather than the Capital Projects Fund.	\$1,459,645
Intergovernmental Receipts from the US Department of Agriculture were posted to the General Fund rather than the Special Revenue Funds	\$1,965
Intergovernmental Receipts received from the State of Ohio were posted to the General Fund rather than the Special Revenue Funds	\$5,079

Presenting inaccurate financial information resulted in significant adjustments and modifications to District's financial statements.

We recommend the District review policies and procedures to help enhance controls over recording transactions and financial reporting increasing the reliability of the financial data throughout the year.

Officials' Response: See Corrective Action Plan

PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY
2656 HOGBACK ROAD
SUNBURY, OHIO 43074

CORRECTIVE ACTION PLAN
DECEMBER 31, 2017 AND 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Preservation Parks District is working closely with Delaware County, the fiscal agent, to revise the reporting procedures to ensure compliance with all state and federal grant reporting requirements and debt covenants.	6/1/2018	Tom Curtin



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
JULY 26, 2018