



Mary Taylor, CPA
Auditor of State

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

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Mary Taylor, CPA
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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Preservation Parks of Delaware County
Delaware County
2656 Hogback Road
Sunbury, Ohio 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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and December 31, 2008, or its changes in financial position for the years then ended.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Preservation Parks of Delaware County, Delaware County, Ohio as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 30, 2010

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 3,305,419	\$ -	\$ -	\$ 3,305,419
Charges for Services	1,890	71,000	-	72,890
Intergovernmental	605,801	111,964	-	717,765
Earnings on Investments	1,046	-	-	1,046
Miscellaneous	16,470	-	171,600	188,070
	<u>3,930,626</u>	<u>182,964</u>	<u>171,600</u>	<u>4,285,190</u>
Total Cash Receipts				
	<u>3,930,626</u>	<u>182,964</u>	<u>171,600</u>	<u>4,285,190</u>
Cash Disbursements:				
Current:				
Conservation - Recreation:				
Salaries	724,400	-	-	724,400
Fringe Benefits	266,934	-	-	266,934
Materials and Supplies	122,102	8,023	-	130,125
Equipment	61,619	2,119	-	63,738
Contracts- Repair	35,189	-	-	35,189
Contracts- Services	129,965	220	-	130,185
Advertising and Printing	16,626	-	-	16,626
Travel	5,897	-	-	5,897
Other	198,824	1,450	-	200,274
Capital Outlay	821,635	161,226	143,422	1,126,283
Debt Service:				
Redemption of Principal	395,410	-	-	395,410
Interest and Other Fiscal Charges	21,711	-	-	21,711
	<u>2,800,312</u>	<u>173,038</u>	<u>143,422</u>	<u>3,116,772</u>
Total Cash Disbursements				
	<u>2,800,312</u>	<u>173,038</u>	<u>143,422</u>	<u>3,116,772</u>
Total Receipts Over Disbursements	1,130,314	9,926	28,178	1,168,418
Fund Cash Balances, January 1	346,021	-	1,524	347,545
	<u>346,021</u>	<u>-</u>	<u>1,524</u>	<u>347,545</u>
Fund Cash Balances, December 31	<u>\$ 1,476,335</u>	<u>\$ 9,926</u>	<u>\$ 29,702</u>	<u>\$ 1,515,963</u>
Reserve for Encumbrances, December 31	<u>\$ 23,755</u>	<u>\$ -</u>	<u>\$ 29,702</u>	<u>\$ 53,457</u>

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

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,363,287	\$ -	\$ -	\$ 1,363,287
Charges for Services	2,368	-	-	2,368
Intergovernmental	308,467	77,005	-	385,472
Earnings on Investments	7,425	-	-	7,425
Miscellaneous	99,045	-	72,918	171,963
	<u>1,780,592</u>	<u>77,005</u>	<u>72,918</u>	<u>1,930,515</u>
Total Cash Receipts	<u>1,780,592</u>	<u>77,005</u>	<u>72,918</u>	<u>1,930,515</u>
Cash Disbursements:				
Current:				
Conservation - Recreation:				
Salaries	594,686	-	-	594,686
Fringe Benefits	186,374	-	-	186,374
Materials and Supplies	92,584	6,795	-	99,379
Equipment	14,012	-	-	14,012
Contracts- Repair	46,735	-	-	46,735
Contracts- Services	43,749	-	-	43,749
Advertising and Printing	11,340	-	-	11,340
Travel	5,151	-	-	5,151
Other	94,554	-	-	94,554
Capital Outlay	260,418	72,081	72,459	404,958
Debt Service:				
Redemption of Principal	393,388	-	-	393,388
Interest and Other Fiscal Charges	41,187	-	-	41,187
	<u>1,784,178</u>	<u>78,876</u>	<u>72,459</u>	<u>1,935,513</u>
Total Cash Disbursements	<u>1,784,178</u>	<u>78,876</u>	<u>72,459</u>	<u>1,935,513</u>
Total Receipts Over/(Under) Disbursements	(3,586)	(1,871)	459	(4,998)
Fund Cash Balances, January 1	<u>349,607</u>	<u>1,871</u>	<u>1,065</u>	<u>352,543</u>
Fund Cash Balances, December 31	<u>\$ 346,021</u>	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ 347,545</u>
Reserve for Encumbrances, December 31	<u><u>\$ 8,056</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,056</u></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, 2009 AND 2008**

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 2008 for the Amy Clark/Bader Bird Sanctuary, and the Preservation Parks of Delaware County Foundation in the amounts of \$63,460 and \$75,000, respectively. The District also has funds held by the Community Foundation of Delaware County during 2009 for the Amy Clark/Bader Bird Sanctuary of \$171,400.

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, 2009 AND 2008
(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. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

State Grant Fund- This fund accounts for the receipts and disbursements of state grants used for construction and maintenance projects.

Mitigation Money Fund- Monies received by the District from rights to land owned by the District.

3. 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 funds:

Bader Bird Sanctuary- This fund accounts for the receipts and disbursements of donated funds used for the construction of the Bader Bird Sanctuary.

E. Budgetary Process

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. 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.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,157,020	\$3,930,626	(\$1,226,394)
Special Revenue	325,000	182,964	(142,036)
Capital Projects	250,294	171,600	(78,694)
Total	\$5,732,314	\$4,285,190	(\$1,447,124)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,273,448	\$2,824,067	\$2,449,381
Special Revenue	325,000	173,038	151,962
Capital Projects	250,294	173,124	77,170
Total	\$5,848,742	\$3,170,229	\$2,678,513

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,689,306	\$1,780,592	\$91,286
Special Revenue	162,450	77,005	(85,445)
Capital Projects	72,983	72,918	(65)
Total	\$1,924,739	\$1,930,515	\$5,776

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,954,074	\$1,792,234	\$161,840
Special Revenue	162,450	78,876	83,574
Capital Projects	72,918	72,459	459
Total	\$2,189,442	\$1,943,569	\$245,873

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.

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.

4. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Notes	39,642	7%

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Debt (Continued)

Gallant Farm Mortgage Note

The District entered into an agreement on December 9, 1996, for \$181,000 at 7% for a 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 \$141,358 in principal reduction.

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

Year ending December 31:	<u>Gallant Farm Mortgage Note</u>
2010	8,438
2011	8,042
2012	7,645
2013	7,249
2014	6,852
2015-2016	<u>12,516</u>
Total	<u><u>\$50,742</u></u>

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 2009 and 2008, 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, 2009.

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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Mary Taylor, CPA

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, 2009 and 2008, and have issued our report thereon dated June 30, 2010, wherein we noted the District follows accounting practices the Auditor of State prescribes or permits. 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 expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 30, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 30, 2010

PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 and 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting	Yes	



Mary Taylor, CPA
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 29, 2010**