



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 of the cash balances, receipts, and disbursements by fund type, and related notes of Preservation Parks of Delaware County, Delaware County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014.

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 opinions.

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 (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, 2015 and 2014, 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, 2015 and 2014, 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 May 18, 2016 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

May 18, 2016

**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, 2015**

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 3,397,791	\$ -	\$ -	\$ 3,397,791
Charges for Services	22,002	-	-	22,002
Fines, Licenses and Permits	146	-	-	146
Intergovernmental	1,717,816	-	-	1,717,816
Miscellaneous	21,845	-	-	21,845
<i>Total Cash Receipts</i>	<u>5,159,600</u>	<u>-</u>	<u>-</u>	<u>5,159,600</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries	1,369,598	-	-	1,369,598
Fringe Benefits	509,467	-	-	509,467
Materials and Supplies	212,738	-	-	212,738
Services and Charges	407,758	-	-	407,758
Grants in Aid	126,685	-	-	126,685
Capital Outlay	1,522,194	-	-	1,522,194
Debt Service:				
Principal Retirement	341,934	392,508	-	734,442
Interest and Fiscal Charges	7,636	36,374	-	44,010
<i>Total Cash Disbursements</i>	<u>4,498,010</u>	<u>428,882</u>	<u>-</u>	<u>4,926,892</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>661,590</u>	<u>(428,882)</u>	<u>-</u>	<u>232,708</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>428,882</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	232,708	-	-	232,708
<i>Fund Cash Balances, January 1</i>	<u>1,133,847</u>	<u>8</u>	<u>10,110</u>	<u>1,143,965</u>
Fund Cash Balances, December 31				
Restricted	-	-	10,110	10,110
Assigned	1,078,910	8	-	1,078,918
Unassigned	287,645	-	-	287,645
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,366,555</u>	<u>\$ 8</u>	<u>\$ 10,110</u>	<u>\$ 1,376,673</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, 2014**

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 3,322,841	\$ -	\$ -	\$ 3,322,841
Charges for Services	20,173	-	-	20,173
Fines, Licenses and Permits	112	-	-	112
Intergovernmental	505,552	-	-	505,552
Donations	230,000	-	-	230,000
Miscellaneous	16,845	-	-	16,845
<i>Total Cash Receipts</i>	<u>4,095,523</u>	<u>-</u>	<u>-</u>	<u>4,095,523</u>
Cash Disbursements				
Current:				
Conservation/Recreation:				
Salaries	1,396,872	-	-	1,396,872
Fringe Benefits	512,626	-	-	512,626
Materials and Supplies	213,001	-	-	213,001
Services and Charges	395,588	-	-	395,588
Grants in Aid	19,445	-	-	19,445
Capital Outlay	1,892,990	-	-	1,892,990
Debt Service:				
Principal Retirement	72,412	380,056	-	452,468
Interest and Fiscal Charges	2,878	48,826	-	51,704
<i>Total Cash Disbursements</i>	<u>4,505,812</u>	<u>428,882</u>	<u>-</u>	<u>4,934,694</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(410,289)</u>	<u>(428,882)</u>	<u>-</u>	<u>(839,171)</u>
Other Financing Receipts (Disbursements)				
Note Proceeds	772,834	-	-	772,834
Transfers In	-	428,882	-	428,882
Transfers Out	(428,882)	-	-	(428,882)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>343,952</u>	<u>428,882</u>	<u>-</u>	<u>772,834</u>
<i>Net Change in Fund Cash Balances</i>	<u>(66,337)</u>	<u>-</u>	<u>-</u>	<u>(66,337)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,200,184</u>	<u>8</u>	<u>10,110</u>	<u>1,210,302</u>
Fund Cash Balances, December 31				
Restricted	-	-	10,110	10,110
Assigned	55,000	8	-	55,008
Unassigned	1,078,847	-	-	1,078,847
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,133,847</u>	<u>\$ 8</u>	<u>\$ 10,110</u>	<u>\$ 1,143,965</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, 2015 AND 2014**

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 2015 and 2014 for the Amy Clark/Bader Bird Sanctuary and the Preservation Parks of Delaware County Foundation. See the table below:

	2015	2014
Amy Clark/Bader Bird Sanctuary	\$1,774	\$1,772
Preservation Parks of Delaware County	\$12,024	\$9,850

B. Accounting Basis

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.

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, 2015 AND 2014
(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 Fund

This fund accounts for and reports financial resources that are assigned to expenditure for principal and interest.

3. Capital Project Fund

This fund accounts for and reports financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

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

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.

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 2015 and 2014 budgetary activity appears in Note 2.

PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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.

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, 2015 AND 2014
(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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,400,396	\$5,159,600	(\$240,796)
Debt Service	428,882	428,882	0
Total	\$5,829,278	\$5,588,482	(\$240,796)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,153,211	\$5,005,802	\$1,147,409
Debt Service	428,882	428,882	0
Total	\$6,582,093	\$5,434,684	\$1,147,409

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,343,261	\$4,868,357	\$525,096
Debt Service	428,882	428,882	0
Total	\$4,772,143	\$5,297,239	\$525,096

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,788,572	\$4,934,694	(\$146,122)
Debt Service	428,882	428,882	0
Total	\$5,217,454	\$5,363,576	(\$146,122)

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$824,019	3.25%
Logan Property	374,776	1.74%
Total	\$1,198,795	

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.

Logan Property

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.

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. During 2014, the District paid off this note.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. DEBT (Continued)

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

	Ohio Water Development Authority	Logan Property
Year ending December 31:		
2016	\$214,441	\$343,333
2017	\$428,882	\$38,625
2018	\$214,441	
	\$857,764	\$381,958

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 2015 and 2014, 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, 2015.

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.

7. SUBSEQUENT EVENTS

On April 6, 2016, the District purchased 52 acres of land on Bale-Kenyon Road in Orange Township in the amount of \$1,785,000. The land was purchased with funds from the Clean Ohio Greenspace Conservation program.



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 Preservation Parks of Delaware County, Delaware County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2016, 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 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. 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.

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

May 18, 2016



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
JUNE 30, 2016