



**Auditor of State  
Betty Montgomery**



**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

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## Auditor of State Betty Montgomery

### 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 the Preservation Parks of Delaware County, Ohio (the District) as of and for the years ended December 31, 2003 and December 31, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Preservation Parks of Delaware County, Ohio, as of December 31, 2003 and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in note 8 to the financial statements, the District restated its January 1, 2002 General Fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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This report is intended solely for the information and use of the management, Board of Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 24, 2004

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$1,068,875	\$0	\$1,068,875
Tangible Personal Property Tax	96,260	0	96,260
Intergovernmental	263,414	0	263,414
Investment Income	2,587	0	2,587
Gifts and Donations	3,708	0	3,708
Fees	80	0	80
Other Receipts	14,831	0	14,831
	<u>1,449,755</u>	<u>0</u>	<u>1,449,755</u>
Total Cash Receipts	1,449,755	0	1,449,755
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	320,646	0	320,646
Supplies	8,562	0	8,562
Materials	7,892	0	7,892
Equipment	21,400	0	21,400
Contracts - Repair	18,464	0	18,464
Contracts - Services	88,418	0	88,418
Rentals	2,900	0	2,900
Grants in Aid	100,379	0	100,379
Advertising and Printing	7,009	0	7,009
Travel	8,410	0	8,410
Public Employees Retirement	51,280	0	51,280
Workers' Compensation	319	0	319
Capital Outlay	279,239	41,300	320,539
Debt:			
Payment of Principal	275,000	0	275,000
Payment of Interest	121,543	0	121,543
Other	59,076	0	59,076
	<u>1,370,537</u>	<u>41,300</u>	<u>1,411,837</u>
Total Cash Disbursements	1,370,537	41,300	1,411,837
Total Receipts Over/(Under) Disbursements	79,218	(41,300)	37,918
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	0	41,300	41,300
Advances-Out	(41,300)	0	(41,300)
	<u>(41,300)</u>	<u>41,300</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	(41,300)	41,300	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements			
	37,918	0	37,918
Fund Cash Balances, January 1	431,164	0	431,164
<b>Fund Cash Balances, December 31</b>	<b><u>\$469,082</u></b>	<b><u>\$0</u></b>	<b><u>\$469,082</u></b>
Reserves for Encumbrances, December 31	<u>\$28,757</u>	<u>\$0</u>	<u>\$28,757</u>

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

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$1,000,464	\$0	\$1,000,464
Tangible Personal Property Tax	113,542	0	113,542
Intergovernmental	291,699	43,000	334,699
Investment Income	4,762	0	4,762
Gifts and Donations	947	0	947
Fees	90	0	90
Other Receipts	6,786	0	6,786
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,418,290	43,000	1,461,290
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	261,716	0	261,716
Supplies	7,666	0	7,666
Materials	6,576	0	6,576
Equipment	10,554	0	10,554
Contracts - Repair	27,632	0	27,632
Contracts - Services	77,509	0	77,509
Rentals	2,751	0	2,751
Grants In Aid	42,811	0	42,811
Advertising and Printing	8,441	0	8,441
Travel	6,102	0	6,102
Public Employees Retirement	33,253	0	33,253
Workers' Compensation	232	0	232
Capital Outlay	344,795	42,362	387,157
Debt:			
Payment of Principal	275,185	0	275,185
Payment of Interest	134,110	0	134,110
Other	49,561	0	49,561
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,288,894	42,362	1,331,256
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	129,396	638	130,034
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	3,768	0	3,768
Advances-Out	0	(3,768)	(3,768)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	3,768	(3,768)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	133,164	(3,130)	130,034
Fund Cash Balances, January 1 as restated	<hr/>	<hr/>	<hr/>
	298,000	3,130	301,130
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$431,164</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$431,164</b> <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$60,129	\$0	\$60,129

*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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Preservation Parks of Delaware County, Ohio (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Delaware County. The District acquires lands for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

As permitted by the Ohio Revised Code, the Delaware County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are 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:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

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

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year. The 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.

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Un-paid leave is not reflected as a liability under the basis of accounting the District uses.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,436,621	\$1,449,755	\$13,134
Special Revenue	41,300	41,300	0
Total	\$1,477,921	\$1,491,055	\$13,134

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,710,353	\$1,399,294	(\$311,059)
Special Revenue	41,300	41,300	0
Total	\$1,751,653	\$1,440,594	(\$311,059)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,385,637	\$1,418,290	\$32,653
Special Revenue	43,000	43,000	0
Total	\$1,428,637	\$1,461,290	\$32,653

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,539,416	\$1,349,023	(\$190,393)
Special Revenue	46,130	46,130	0
Total	\$1,585,546	\$1,395,153	(\$190,393)

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. DEBT**

Debt outstanding at December 31, 2003:

	Principal	Interest Rate
Land Acquisition Bonds	1,990,000	Varies
Gallant Farm Note	144,800	7%
Total	\$2,134,800	

**Land Acquisition Bonds**

The District issued Land Acquisition Bonds on March 1, 2000, in the amount of \$3,000,000, for a term of ten years to improve the parks and to acquire additional park land. Interest and principal payments are due semi-annually. The bonds are collateralized by the taxing authority of the District.

**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 had \$36,200 in principal reduction.

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

	Land Acquisition Bonds	Gallant Farm Mortgage Note
Year ending December 31:		
2004	\$388,483	\$10,136
2005	389,563	10,136
2006	389,618	10,136
2007	393,938	10,136
2008	396,938	10,136
2009 – 2013	393,938	50,680
2014 – 2018	0	185,344
Total	\$2,352,478	\$286,704

The Walters Farm Note was an agreement entered into by the District on April 13, 1998, in the amount of \$56,000 at 5.7% for the acquisition of additional park land. This Note was retired as of March 3, 2002.

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. RETIREMENT SYSTEM**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

**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 December 30, 2003 the District was awarded \$3,950,000 from the Ohio EPA through the Watershed Restoration and Recovery Stewardship program. The award is to be used for the preservation and fee simple purchase of 60 acres of land in Liberty Township, Delaware County, Ohio.

The District was awarded \$2,389,000 in additional funds through the same program on July 2, 2004. These funds are to be used for the preservation and conservation easement for Camp Lazarus.

**8. RESTATEMENT OF FUND BALANCE**

The District's January 1, 2002 General Fund balance was restated from the prior year due to the recording of an expenditure of \$77,147 in 2001 which was determined in 2002 did not occur. The General Fund balance at January 1, 2002 was restated to \$298,000 from \$220,853.

**9. COMPLIANCE**

The District did not competitively bid a contract as required by the law.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 accompanying financial statements of the Preservation Parks of Delaware County, Ohio (the District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated August 24, 2004, in which we noted the District restated its January 1, 2002 General Fund balance. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 24, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 24, 2004.

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Preservation Parks of Delaware County  
Delaware County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the management and the Board of Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 24, 2004



**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2003-001</b>
-----------------------	-----------------

**Competitive Bidding**

Article VIII of the Bylaws of the Board of Park Commissioners of the Delaware County Metropolitan Park District (the District), states that no contract, agreement, deed, option or other document of action creating any written obligation, contractual relation from, in or to the board shall be accepted or received on behalf of the board, except with the approval and authorization of the board, pursuant to Ohio Revised Code Section 307.86, which states that competitive bidding is required for expenditures in excess of \$15,000, (\$25,000 effective September 26, 2003) except where otherwise provided by law.

The District renovated the Hogback Reserve Nature Center for \$110,000 during 2002. The District did not competitively bid this project, as required.

We recommend the District competitively bid expenditures in accordance with Article VIII of the District Bylaws and Ohio Rev. Code Section 307.86.

**PRESERVATION PARKS OF DELAWARE COUNTY  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-001	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Partially corrected. Citation reported in letter to management dated August 24, 2004.



**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 28, 2004**