



**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Preservation Parks of Delaware County
Delaware County
5094 Seldom Scene Road
Powell, Ohio 43065

We have audited the accompanying financial statements of Preservation Parks of Delaware County, Ohio, (the District) as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 described 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District as of December 31, 2001 and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2002 on our consideration of the District's internal 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.

This report is intended solely for the information and use of 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.

JIM PETRO
Auditor of State

March 8, 2002

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**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, 2001**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$957,847	\$0	\$957,847
Tangible Personal Property Tax	92,348	0	92,348
Grants	256,489	32,222	288,711
Investment Income	20,782	0	20,782
Gifts and Donations	815	0	815
Fees	301	0	301
Other Receipts	<u>22,200</u>	<u>0</u>	<u>22,200</u>
 Total Cash Receipts	 <u>1,350,782</u>	 <u>32,222</u>	 <u>1,383,004</u>
Cash Disbursements:			
Current:			
Salaries - Employees	217,698	0	217,698
Supplies	6,237	0	6,237
Materials	9,819	0	9,819
Land and Equipment	592,719	0	592,719
Contracts - Repair	751	0	751
Contracts - Services	86,358	0	86,358
Rentals	8,133	0	8,133
Advertising and Printing	12,998	0	12,998
Travel	10,815	0	10,815
Public Employees Retirement	23,782	0	\$23,782
Project Fund Expenses	0	32,222	32,222
Debt:			
Payment of Principal	295,566	0	295,566
Payment of Interest	150,532	0	150,532
Other	<u>64,740</u>	<u>0</u>	<u>64,740</u>
 Total Cash Disbursements	 <u>1,480,148</u>	 <u>32,222</u>	 <u>1,512,370</u>
 Total Receipts Over/(Under) Disbursements	 <u>(129,366)</u>	 <u>0</u>	 <u>(129,366)</u>
Other Financing Receipts/(Disbursements):			
Advance-In	13,542	13,542	27,084
Advance-Out	(13,542)	(13,542)	(27,084)
 Total Other Financing Receipts/(Disbursements)	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>(129,366)</u>	 <u>0</u>	 <u>(129,366)</u>
 Fund Cash Balances, January 1	 <u>350,219</u>	 <u>3,130</u>	 <u>353,349</u>
 Fund Cash Balances, December 31	 <u>\$220,853</u>	 <u>\$3,130</u>	 <u>\$223,983</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, 2000**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$880,335	\$0	\$880,335
Tangible Personal Property Tax	90,717	0	90,717
Grants	243,867	21,078	264,945
Investment Income	50,203	0	50,203
Gifts and Donations	75,372	0	75,372
Fees	100	0	100
Sales	40	0	40
Other Receipts	14,519	0	14,519
	<u>1,355,153</u>	<u>21,078</u>	<u>1,376,231</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	135,985	0	135,985
Supplies	4,405	0	4,405
Materials	2,200	0	2,200
Land and Equipment	3,408,990	0	3,408,990
Contracts - Repair	3,229	0	3,229
Contracts - Services	100,259	0	100,259
Rentals	2,209	0	2,209
Advertising and Printing	3,799	0	3,799
Travel	10,663	0	10,663
Public Employees Retirement	11,937	0	\$11,937
Fringe Benefits	5,204	0	5,204
Project Fund Expenses	0	38,128	38,128
Debt:			
Payment of Principal	243,591	0	243,591
Payment of Interest	123,100	0	123,100
Line of credit payments	41,209	0	41,209
Bond Issuance Fees	45,000	0	45,000
Other	42,205	0	42,205
	<u>4,183,985</u>	<u>38,128</u>	<u>4,222,113</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(2,828,832)</u>	<u>(17,050)</u>	<u>(2,845,882)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Bonds	3,000,000	0	3,000,000
Line of Credit proceeds	25,000	0	25,000
Advance-In	16,125	36,305	52,430
Advance-Out	(36,305)	(16,125)	(52,430)
	<u>3,004,820</u>	<u>20,180</u>	<u>3,025,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	175,988	3,130	179,118
Fund Cash Balances, January 1	<u>174,231</u>	<u>0</u>	<u>174,231</u>
Fund Cash Balances, December 31	<u>\$350,219</u>	<u>\$3,130</u>	<u>\$353,349</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Preservation Parks of Delaware County, 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

In accordance with Ohio Revised Code, the District's cash is held and invested by the Delaware County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool, and are valued at the County 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 Funds

These funds are 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 Funds:

Federal Grant Fund: this fund accounts for the receipts and disbursements of the Land & Water Conservation Grant used for the Blues Creek Preserve Project.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

State Grant Fund: this fund accounts for the receipts and disbursements of the Natureworks Grant used for the Blues Creek Preserve Project.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 21, 2000 follows:

December 31, 2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,362,216	\$1,350,782	(\$11,434)
Special Revenue	46,907	32,222	(14,685)
Total	<u>\$1,409,123</u>	<u>\$1,383,004</u>	<u>(\$26,119)</u>

December 31, 2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,585,150	\$1,480,148	\$105,002
Special Revenue	90,358	32,222	58,136
Total	<u>\$1,675,508</u>	<u>\$1,512,370</u>	<u>\$163,138</u>

January 1, 2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,353,185	\$4,380,153	\$26,968
Special Revenue	54,435	21,078	(33,357)
Total	<u>\$4,407,620</u>	<u>\$4,401,231</u>	<u>(\$6,389)</u>

January 1, 2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,287,133	\$4,183,985	\$103,148
Special Revenue	41,382	38,128	3,254
Total	<u>\$4,328,515</u>	<u>\$4,222,113</u>	<u>\$106,402</u>

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 Grants. 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 County.

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, 2001:

	Principal	Interest Rate
Land Acquisition Bonds Series 2000	\$2,525,000	4.20 to 5.05%
Gallant Farm Mortgage Note	144,800	7%
Walters Farm Mortgage Note	15,184	6%
Total	\$2,684,984	

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

Walters Farm Note

The District entered an agreement on April 13, 1998, in the amount of \$56,000 at 5.7% for a term of four years to acquire additional park land. The Park District agreed to purchase the land for \$70,000, with a down payment at closing in the amount of \$14,000, and make annual payments of principal and interest in the amount of \$16,050. Interest and principal payments are due annually to the mortgage holder.

Gallant Farm Note

The District entered an agreement on December 19, 1996, in the amount of \$213,000 at 7% for a term of twenty years to acquire additional park land. The Park District agreed to purchase the land for \$213,000, pay a down payment at closing in the amount of \$32,000. The note only requires simple interest at seven percent (annual interest of \$12,670) and the interest will be payable quarterly.

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. DEBT (Continued)

The entire note would be due 20 years from the date of execution. Included in the note is a provision that the mortgage holder could demand no more than 20% of the outstanding balance of the principal once a year, with a six month notice. The mortgage holder made a demand for payment in FY 01 of \$36,200. The District has indicated that barring anything unforeseen, they are not anticipating having to make any additional principal payments.

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

Year ending December 31:	Gallant Farm Demand note	Walter Farm Mortgage note	General Obligation Bonds
2002	\$12,670	\$16,050	\$383,108
2003	12,670	0	386,408
2004	12,670	0	388,483
2005	12,670	0	389,563
2006	12,670	0	389,618
2007 - 2016	126,700	0	1,184,812
Total	<u>\$190,050</u>	<u>\$16,050</u>	<u>\$3,121,992</u>

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. The District's PERS members contributed 8.5% of their gross salaries. Preservation Parks contributed an amount equal to 9.57% for the period July 1, 2000 through December 31, 2000 and for the balance of the year, an amount equal to 13.55% of participants' gross salaries. Preservation Parks has paid all contributions required through December 31, 2001.

6.. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Preservation Parks of Delaware County
Delaware County
5094 Seldom Scene Road
Powell, Ohio 43065

To the Board of Trustees:

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, 2001 and December 31, 2000, and have issued our report thereon dated March 8, 2002. 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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 that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-60621-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order 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 March 8, 2002.

Preservation Parks of Delaware County
Delaware County
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 management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 8, 2002

**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

Finding Number	2000-60621-001
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Funds Certification

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

In ninety six percent of expenditures tested, the Director did not make the required certifications at the time of obligating the District for the contracts or purchase commitments. Additionally, these payments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period.

We recommend that the Director certify availability of funds at the time the District enters into contracts or purchase commitments.



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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
APRIL 2, 2002**