



OHIO AUDITOR OF STATE
KEITH FABER



**PRESERVATION PARKS OF DELAWARE COUNTY
DELAWARE COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Preservation Parks of Delaware County, Delaware County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 4, 2022

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Preservation Park District*Delaware County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$6,513,713	\$0	\$6,513,713
Charges for Services	4,030	0	4,030
Fines, Licenses and Permits	62	0	62
Intergovernmental	565,867	1,182,477	1,748,344
Earnings on Investments	6,518	0	6,518
Donations	14,558	0	14,558
Miscellaneous	14,884	105,000	119,884
<i>Total Cash Receipts</i>	<u>7,119,632</u>	<u>1,287,477</u>	<u>8,407,109</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	1,923,230	0	1,923,230
Fringe Benefits	740,685	0	740,685
Materials and Supplies	287,432	0	287,432
Services and Charges	815,539	0	815,539
Grants in Aid	64,500	0	64,500
Capital Outlay	1,161,180	1,777,210	2,938,390
<i>Total Cash Disbursements</i>	<u>4,992,566</u>	<u>1,777,210</u>	<u>6,769,776</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,127,066</u>	<u>(489,733)</u>	<u>1,637,333</u>
Other Financing Receipts (Disbursements)			
Transfers In	7,228	292,207	299,435
Transfers Out	(292,207)	(7,228)	(299,435)
Advances In	1,428,758	1,490,382	2,919,140
Advances Out	(1,490,382)	(1,428,758)	(2,919,140)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(346,603)</u>	<u>346,603</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	1,780,464	(143,130)	1,637,334
<i>Fund Cash Balances, January 1</i>	<u>5,545,333</u>	<u>216,689</u>	<u>5,762,022</u>
<i>Fund Cash Balances, December 31</i>	<u>\$7,325,797</u>	<u>\$73,559</u>	<u>\$7,399,356</u>

See accompanying notes to the basic financial statements

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 1 – Reporting Entity

The Preservation Parks District (the District), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Delaware County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners 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.

The Delaware County Foundation (the Foundation) is a not-for-profit organization who receives donations and earmarks the contributions for projects throughout Delaware County. The Foundation collaborates with the District. As of December 31, 2021, the Foundation had \$16,153 in donations to be used for Preservation Parks.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. General Fund

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

2. Capital Project Funds

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

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

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements For the Year Ended December 31, 2021

The Alum Creek Grant Fund accounts for the funds to assist with the Tributary to Alum Creek Stream and Floodplain Restoration project. The District received a donation of \$105,000 for the Alum Creek land acquisition project that is classified as miscellaneous receipts in the capital projects fund.

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

The Recreational Trail Fund accounts for funds to assist in the rehabilitation, development, maintenance, and acquisition of recreational trails. The Sandel Legacy Trail is one of three segments of the Ohio to Erie trail administered by the District.

The Ohio to Erie Trails Grant Fund accounts for land acquisition and trail construction that will span the state of Ohio from Cincinnati to Cleveland.

The Ohio Department of Transportation Metro Paving Fund is for the material and labor necessary construction, repair improvement, and maintenance of park drives, park roads, park access roads, and parking lots.

Basis of Accounting

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

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

Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 2021 budgetary activity appears in Note 3.

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 carry amount.

Capital Assets

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

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.

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:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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.

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.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 Board of Commissioners or a District official delegated that authority by resolution, or by State Statute. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 3 – Budgetary Activity

Budgetary activity for the year ending follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,014,390	\$7,126,860	\$112,470
Capital Projects	2,156,589	1,579,684	(576,905)
Total	<u>\$9,170,979</u>	<u>\$8,706,544</u>	<u>(\$464,435)</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,538,269	\$5,358,825	\$2,179,444
Capital Projects	1,982,826	1,784,438	198,388
Total	<u>\$9,521,095</u>	<u>\$7,143,263</u>	<u>\$2,377,832</u>

Note 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 10th. The second half payment is due the following July 10th.

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.

Note 5 – Advances

Outstanding advances at December 31, 2021, consisted of the following to the District's capital project funds: \$316,500 to Clean Ohio Capital Fund, \$100,000 to the Capital Improvement Fund, \$13,349 to the OPWC Alum Creek Fund, and \$15,000 to the OPWC Sandel PH 2 Fund.

Note 6 – Risk Management

Delaware County provides workers' compensation insurance for the Council through a self-insurance plan offered by the State of Ohio. The plan allows the County to administer its own workers' compensation claims, including the approval of claims and the payment of compensation and medical payments for injured employees. The plan requires that the County participate in the Self-Insured Employers Guaranty Fund through the State of Ohio that guarantees that claims liabilities are satisfied if the self-insured employer is unable to pay the claims.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 7 – Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. 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, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balance</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$74,052</u>	<u>\$0</u>	<u>\$74,052</u>
Total	<u>\$74,052</u>	<u>\$0</u>	<u>\$74,052</u>

The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 11 – Change in Accounting Principle

For 2021, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – PROPERTY PURCHASE AGREEMENT

The District entered into a real estate purchase contract on March 10, 2020, to purchase a total of 478.2 acres for \$6,440,000. The contract outlined two payment options whether the District levy passed on the November 2021 ballot. If the levy passes, the District has agreed to the following terms:

- 1) On or before June 30, 2021, the District will close on purchasing 37.391 acres for a total purchase price of \$547,633.
- 2) On or before June 30, 2022, the District will close on purchasing 192.77 acres for a total purchase price of \$2,240,974.
- 3) On or before June 30, 2023, the District will close on purchasing 182.29 acres for a total purchase price of \$2,626,393.
- 4) On or before June 30, 2024, the District will close on purchasing 65.808 acres for a total purchase price of \$1,025,000.

The District levy passed on the November 2021 ballot.

Preservation Park District
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$6,390,525	\$0	\$6,390,525
Charges for Services	4,497	0	4,497
Fines, Licenses and Permits	193	0	193
Intergovernmental	638,232	774,182	1,412,414
Earnings on Investments	47,507	0	47,507
Donations	12,049	0	12,049
Miscellaneous	10,760	0	10,760
<i>Total Cash Receipts</i>	<u>7,103,763</u>	<u>774,182</u>	<u>7,877,945</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	1,793,480	0	1,793,480
Fringe Benefits	700,779	0	700,779
Materials and Supplies	234,653	0	234,653
Services and Charges	652,058	0	652,058
Grants in Aid	305	0	305
Capital Outlay	2,502,898	1,061,374	3,564,272
<i>Total Cash Disbursements</i>	<u>5,884,173</u>	<u>1,061,374</u>	<u>6,945,547</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,219,590</u>	<u>(287,192)</u>	<u>932,398</u>
Other Financing Receipts (Disbursements)			
Transfers In	15,692	363,423	379,115
Transfers Out	(363,423)	(15,692)	(379,115)
Advances In	698,125	786,656	1,484,781
Advances Out	(786,656)	(698,125)	(1,484,781)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(436,262)</u>	<u>436,262</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	783,328	149,070	932,398
<i>Fund Cash Balances, January 1</i>	<u>4,762,005</u>	<u>67,619</u>	<u>4,829,624</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,545,333</u>	<u>\$216,689</u>	<u>\$5,762,022</u>

See accompanying notes to the basic financial statements

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Preservation Parks District (the District), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Delaware County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners 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.

The Delaware County Foundation (the Foundation) is a not-for-profit organization who receives donations and earmarks the contributions for projects throughout Delaware County. The Foundation collaborates with the District. As of December 31, 2020, the Foundation had \$16,051 in donations to be used for Preservation Parks.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. General Fund

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

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

2. Capital Project Funds

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

The Alum Creek Grant Fund accounts for the funds to assist with the Tributary to Alum Creek Stream and Floodplain Restoration project.

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

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

The Recreational Trail Fund accounts for funds to assist in the rehabilitation, development, maintenance, and acquisition of recreational trails. The Sandel Legacy Trail is one of three segments of the Ohio to Erie trail administered by the District.

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

Basis of Accounting

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

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

Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

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:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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.

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.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 Board of Commissioners or a District official delegated that authority by resolution, or by State Statute. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,140,337	\$7,119,455	(\$20,882)
Capital Projects	1,449,482	1,137,605	(311,877)
Total	\$8,589,819	\$8,257,060	(\$332,759)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,118,276	\$6,307,732	\$810,544
Capital Projects	1,206,716	1,185,865	20,851
Total	\$8,324,992	\$7,493,597	\$831,395

Note 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental

PRESERVATION PARKS OF DELAWARE COUNTY

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Notes to the Financial Statements

For the Year Ended December 31, 2020

Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 10th. The second half payment is due the following July 10th.

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.

Note 5 – Advances

Outstanding advances at December 31, 2020, consisted of the following to the District's capital project funds: \$269,000 to the Alum Creek Capital Fund, \$98,225 to the Clean Ohio Trail, and \$16,000 to the Capital Improvement Program Fund. These amounts were advanced from the District's general fund to provide working capital for projects

Note 6 – Risk Management

Delaware County provides workers' compensation insurance for the Council through a self-insurance plan offered by the State of Ohio. The plan allows the County to administer its own workers' compensation claims, including the approval of claims and the payment of compensation and medical payments for injured employees. The plan requires that the County participate in the Self-Insured Employers Guaranty Fund through the State of Ohio that guarantees that claims liabilities are satisfied if the self-insured employer is unable to pay the claims.

Note 7 – Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. 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, 2020.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balance</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$60,136	\$108,799	\$168,935
Total	<u>\$60,136</u>	<u>\$108,799</u>	<u>\$168,935</u>

The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 13 – PROPERTY PURCHASE AGREEMENT

The District entered into a real estate purchase contract on March 10, 2020, to purchase a total of 478.2 acres for \$6,440,000. The contract outlined two payment options whether the District levy passed on the November 2021 ballot. If the levy passes, the District has agreed to the following terms:

- 1) On or before June 30, 2021, the District will close on purchasing 37.391 acres for a total purchase price of \$547,633.
- 2) On or before June 30, 2022, the District will close on purchasing 192.77 acres for a total purchase price of \$2,240,974.
- 3) On or before June 30, 2023, the District will close on purchasing 182.29 acres for a total purchase price of \$2,626,393.
- 4) On or before June 30, 2024, the District will close on purchasing 65.808 acres for a total purchase price of \$1,025,000.

The District levy passed on the November 2021 ballot.

OHIO AUDITOR OF STATE KEITH FABER



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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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Preservation Parks of Delaware County, Delaware County, (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022, 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 4, 2022



**PRESERVATION PARKS
DELAWARE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Statement Presentation – Material Weakness: Several material posting errors were identified.	Fully corrected	None
2019-002	Transfers – Material Noncompliance: An unexpended balance in a permanent improvement fund was transferred to the general fund without approval from the court of common pleas as required by Ohio Rev. Code 5705.14(B)	Fully corrected	None

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OHIO AUDITOR OF STATE KEITH FABER



PRESERVATION PARKS OF DELAWARE COUNTY

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/18/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov