



**Auditor of State  
Betty Montgomery**



**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Fiduciary Fund Type – For the Year Ended December 31, 2003 .....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Berlin Township  
Delaware County  
3271 Cheshire Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Berlin Township, Delaware County, Ohio, (the Township) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Township'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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.01 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township 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 combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2004, on our consideration of the Township'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.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 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**

January 26, 2004

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$252,500	\$283,732	\$0	\$0	\$536,232
Intergovernmental Receipts	173,641	115,187	0	0	288,828
Fines, Licenses, and Permits	0	65,255	0	0	65,255
Earnings on Investments	14,904	650	0	0	15,554
Miscellaneous	4,165	10,488	0	0	14,653
<b>Total Cash Receipts</b>	<u>445,210</u>	<u>475,312</u>	<u>0</u>	<u>0</u>	<u>920,522</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	112,065	124,463	0	0	236,528
Public Safety	0	88,413	0	0	88,413
Public Works	11,990	112,349	0	0	124,339
Health	30,601	8,804	0	0	39,405
Redemption of Principal	0	0	5,364	0	5,364
Capital Outlay	5,528	39,685	0	8,714	53,927
<b>Total Cash Disbursements</b>	<u>160,184</u>	<u>373,714</u>	<u>5,364</u>	<u>8,714</u>	<u>547,976</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>285,026</u>	<u>101,598</u>	<u>(5,364)</u>	<u>(8,714)</u>	<u>372,546</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	0	5,100	0	0	5,100
<b>Total Other Financing Receipt</b>	<u>0</u>	<u>5,100</u>	<u>0</u>	<u>0</u>	<u>5,100</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	285,026	106,698	(5,364)	(8,714)	377,646
<b>Fund Cash Balances, January 1</b>	<u>889,008</u>	<u>628,846</u>	<u>96,543</u>	<u>8,832</u>	<u>1,623,229</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,174,034</b></u>	<u><b>\$735,544</b></u>	<u><b>\$91,179</b></u>	<u><b>\$118</b></u>	<u><b>\$2,000,875</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$13,913</b></u>	<u><b>\$27,850</b></u>	<u><b>\$91,179</b></u>	<u><b>\$0</b></u>	<u><b>\$132,942</b></u>

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

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u><b>Agency</b></u>
Total Cash Receipts	<u>\$0</u>
Total Cash Disbursements	<u>0</u>
Excess of Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>167</u>
<b>Fund Cash Balance, December 31</b>	<u><b>\$167</b></u>

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

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Berlin Township, Delaware County, Ohio (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services.

The Township's management believes these financial statements present all activities for which the Township 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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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 Township had the following significant Special Revenue Funds:

*Gasoline Tax Fund* – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

*Fire District Fund* – This fund receives taxes levied to provide fire protection services.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

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

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

**3. Debt Service Funds**

The debt service funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

*Ohio Public Works Commission Piatt Road Improvement Note* – This fund was established to accumulate resources for payment on note debt.

*Ohio Public Works Commission Hollenback Road Improvement Note* – This fund was established to accumulated resources for payment of note debt.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Public Works Fund* – The Township received grants and a loan from the State of Ohio and used local funds to perform road improvement projects.

**5. Agency Fund**

This fund is used to account for resources for which the Township is acting in an agency capacity. The Township's Unclaimed Monies Fund is used to account for unclaimed monies held by the Township.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

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

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township 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 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as 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. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003
Demand deposits	<u>\$843,379</u>
Total deposits	<u>843,379</u>
STAR Ohio	<u>1,157,663</u>
Total investments	<u>1,157,663</u>
Total deposits and investments	<u><u>\$2,001,042</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2003 is as follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$383,441	\$445,210	\$61,769
Special Revenue	481,895	480,412	(1,483)
Debt Service	0	0	0
Capital Projects	950	0	(950)
Total	\$866,286	\$925,622	\$59,336

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,260,725	\$174,097	\$1,086,628
Special Revenue	1,078,317	401,564	676,753
Debt Service	96,543	96,543	0
Capital Projects	8,832	8,714	118
Total	\$2,444,417	\$680,918	\$1,763,499

**4. 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 Trustees. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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 Township.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission, Piatt Road Improvement Note	\$30,274	0%
Ohio Public Works Commission, Hollenback Road Improvement Note	60,907	0%
Total	\$91,181	

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

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

**5. DEBT (Continued)**

Both Ohio Public Works Commission notes were issued to finance improvements to Township roads.

Amortization of the above debt is scheduled as follows:

Year ending	Ohio Public Works Commission Piatt Road Improvement Note	Ohio Public Works Commission Hollenback Road Improvement Note
December 31:		
2004	\$1,781	\$3,583
2005	1,781	3,583
2006	1,781	3,583
2007	1,781	3,583
2008	1,781	3,583
2009 – 2021	21,369	42,992
Total	<u>\$30,274</u>	<u>\$60,907</u>

**6. RETIREMENT SYSTEM**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

**8. CONTINGENT LIABILITIES**

The Township is defendant in one lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Berlin Township  
Delaware County  
3271 Cheshire Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Berlin Township, Delaware County, Ohio, (the Township) as of and for the year ended December 31, 2003, and have issued our report thereon dated January 26, 2004, wherein we noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 Township'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated January 26, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 26, 2004.

Berlin Township  
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 management and the Board of Trustees, 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**

January 26, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**BERLIN TOWNSHIP**

**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  
MARCH 16, 2004**