

BERKSHIRE TOWNSHIP

DELAWARE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Berkshire Township
1454 Rome Corners Road
Galena, Ohio 43021

We have reviewed the *Independent Auditor's Report* of Berkshire Township, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Berkshire Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2022

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**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

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Independent Auditor's Report

Berkshire Township
Delaware County
1454 Rome Corners Road
Galena, Ohio 43021

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the Berkshire Township, Delaware County, Ohio, 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 of the Berkshire Township, 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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Berkshire Township, as of December 31, 2021 and 2020, or 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 Berkshire Township, 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 Berkshire Township 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

Though the Berkshire Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinions on this accounting basis are in the “*Unmodified Opinions on Regulatory Basis of Accounting*” paragraph above.

Emphasis of Matters

As described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Berkshire Township. Additionally, as discussed in Note 16 to the financial statements, during 2020, the Berkshire Township determined that a restatement to the beginning cash fund balance of the Berkshire Township Park Grant fund (Capital Projects Fund Type) was necessary to adjust for an outstanding reconciling item. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 Berkshire Township'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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Berkshire Township'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 Berkshire Township'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 April 15, 2022, on our consideration of the Berkshire Township's internal control over financial reporting and on 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 Berkshire Township'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 Berkshire Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
April 15, 2022

Berkshire Township
Delaware County, Ohio
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	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$302,152	\$313,987	\$ -	\$ -	\$616,139
Licenses, Permits and Fees	215,409	4,883	-	-	220,292
Intergovernmental	378,665	410,534	-	-	789,199
Earnings on Investments	1,676	170	1	6	1,853
Miscellaneous	2,221	10,366	-	-	12,587
Payment in Lieu of Taxes	-	-	1,445,235	-	1,445,235
<i>Total Cash Receipts</i>	<u>900,123</u>	<u>739,940</u>	<u>1,445,236</u>	<u>6</u>	<u>3,085,305</u>
Cash Disbursements					
Current:					
General Government	490,095	-	1,445,235	-	1,935,330
Public Works	-	278,684	-	-	278,684
Health	23,899	4,325	-	-	28,224
Conservation-Recreation	1,558	-	-	-	1,558
Capital Outlay	26,804	78,752	-	-	105,556
<i>Total Cash Disbursements</i>	<u>542,356</u>	<u>361,761</u>	<u>1,445,235</u>	<u>-</u>	<u>2,349,352</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>357,767</u>	<u>378,179</u>	<u>1</u>	<u>6</u>	<u>735,953</u>
<i>Net Change in Fund Cash Balances</i>	357,767	378,179	1	6	735,953
<i>Fund Cash Balances, January 1</i>	<u>1,289,453</u>	<u>982,807</u>	<u>1,480</u>	<u>10,524</u>	<u>2,284,264</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,647,220</u>	<u>\$1,360,986</u>	<u>\$1,481</u>	<u>\$10,530</u>	<u>\$3,020,217</u>

See accompanying notes to the financial statement

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Berkshire Township, Delaware County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the BST&G (Berkshire, Sunbury, Trenton and Galena) Joint Fire District to provide fire protection services.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in two jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township'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 Township 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 Township are presented below:

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 Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road District Fund The road district fund accounts for and reports receipts of property tax money for the purpose of constructing, maintaining and repairing Township roads and bridges.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Columbus Outlets TIF The Columbus Outlets TIF fund accounts for and reports the on behalf receipts and disbursements of TIF money to the Berkshire Landing New Community Authority for the payment of bond costs related to the Columbus Outlets project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following Capital Project Funds:

Berkshire Township Park Grant Fund The Berkshire Township park grant fund accounts for and reports the receipt of grants and transfers for the purpose of completing the Berkshire Township park project.

Berkshire Township Park Land Development Fund The Berkshire Township park land development fund accounts for and reports the receipt of funds and transfers for the purpose of developing and maintaining the Berkshire Township parks.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 disbursements 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 (C) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

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

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 re-appropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

The Township 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 Township must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

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 Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees 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.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 Township 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 ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$550,634	\$900,123	\$349,489
Special Revenue	651,785	739,940	88,155
Debt Service	1,445,241	1,445,236	(5)
Capital Projects	60	6	(54)
Total	<u>\$2,647,720</u>	<u>\$3,085,305</u>	<u>\$437,585</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,806,348	\$542,356	1,263,992
Special Revenue	1,420,984	404,343	1,016,641
Debt Service	1,445,240	1,445,235	5
Capital Projects	10,000	0	10,000
Total	<u>\$4,682,572</u>	<u>\$2,391,934</u>	<u>\$2,290,638</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

	<u>2021</u>
Demand deposits	\$ 450,389
Government Insured Deposit Program	<u>1,409,200</u>
Total deposits	<u>1,859,589</u>
STAR Ohio	<u>1,160,628</u>
Total investments	<u>1,160,628</u>
Total deposits and investments	<u><u>\$3,020,217</u></u>

The Township does not use a separate payroll clearing account. The disbursements included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2020</u>
Cash and investments	\$ 36,348,066
Actuarial liabilities	10,894,146

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s elected officials and 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 Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

Members of the Zoning Board and the Zoning Appeals Board of the Township contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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 OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

Note 9 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	Special Revenue
Outstanding Encumbrances	\$ 42,582

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

Note 11 – Jointly Governed Organizations/Intergovernmental Agreements

Berkshire Township, Delaware County, and the City of Delaware have entered into a Joint Economic Development District (JEDD) agreement. The City of Delaware is the fiscal agent and distributes them out to the appropriate members, of which Berkshire Township is a member. The length of this JEDD is 100 years. The JEDD Board consists of representatives from Berkshire Township, the City of Delaware, business owners within the JEDD, and a representative for the persons working within the JEDD.

1. Berkshire Township-City of Delaware JEDD
2. Berkshire Joint Economic Development District No. 2

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township received COVID-19 Funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Tax Increment Financing Agreement

On December 1, 2017, the Township along with the Berkshire Landing New Community Authority, Delaware County, Delaware County Finance Authority, and Columbus Outlets, LLC entered into a cooperative agreement. Under the Development Agreement, the Developer agreed to incur certain upfront costs of the initial construction and completion of the Project on behalf of the County, the New Community Authority and the Township, provided that upon the completion such costs of the Project (in excess of the County Contribution, as defined herein) would be reimbursed to the Developer from TIF Payments (defined below) contributed by the Township and community development charges levied by the Authority.

In order to provide funding for the Project, the County contributed \$8 million to provide a portion of the cost of the Project, the Township agreed to provide an exemption from 75% of real property taxes of the improvements (as defined in Section 5709.73 of the Ohio Revised Code) associated with the Development, and to require the owner of the Development to make payments in lieu of taxes ("TIF Payments") in an amount equal to the real property taxes so exempted, and to make such TIF Payments available to pay costs of the Project and the New Community Authority agreed to levy a community development charge, in accordance with Chapter 349 of the Ohio Revised Code equal to 1/2 of 1% of all sales at retail occurring at the Development and contribute such amounts towards the costs of the Project.

Note 14 - Compliance

The Township did not properly record on-behalf payments, in noncompliance with Ohio Revised Code 5705.42 and 5705.41.

Berkshire Township
Delaware County, Ohio
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	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$243,057	\$285,689	\$ -	\$ -	\$528,746
Licenses, Permits and Fees	167,221	2,258	-	-	169,479
Intergovernmental	285,343	187,103	-	-	472,446
Earnings on Investments	10,290	1,324	8	54	11,676
Miscellaneous	33,734	400	-	-	34,134
Payment in Lieu of Taxes	-	-	2,206,657	-	2,206,657
<i>Total Cash Receipts</i>	<u>739,645</u>	<u>476,774</u>	<u>2,206,665</u>	<u>54</u>	<u>3,423,138</u>
Cash Disbursements					
Current:					
General Government	480,348	-	2,206,658	-	2,687,006
Public Works	-	210,204	-	-	210,204
Health	27,758	3,732	-	-	31,490
Conservation-Recreation	3,466	-	-	-	3,466
Capital Outlay	41,896	124,900	-	59,650	226,446
<i>Total Cash Disbursements</i>	<u>553,468</u>	<u>338,836</u>	<u>2,206,658</u>	<u>59,650</u>	<u>3,158,612</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>186,177</u>	<u>137,938</u>	<u>7</u>	<u>(59,596)</u>	<u>264,526</u>
Other Financing Receipts (Disbursements)					
Advances In	20,000	-	-	-	20,000
Advances Out	-	-	-	(20,000)	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	206,177	137,938	7	(79,596)	264,526
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>1,083,276</u>	<u>844,869</u>	<u>1,473</u>	<u>90,120</u>	<u>2,019,738</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,289,453</u>	<u>\$982,807</u>	<u>\$1,480</u>	<u>\$10,524</u>	<u>\$2,284,264</u>

See accompanying notes to the financial statement

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Berkshire Township, Delaware County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the BST&G (Berkshire, Sunbury, Trenton and Galena) Joint Fire District to provide fire protection services.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in two jointly governed organizations and a public entity risk pool. Notes 6 and 13 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township'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 Township 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 Township are presented below:

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 Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road District Fund The road district fund accounts for and reports receipts of property tax money for the purpose of constructing, maintaining and repairing Township roads and bridges.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Columbus Outlets TIF The Columbus Outlets TIF fund accounts for and reports the on behalf receipts and disbursements of TIF money to the Berkshire Landing New Community Authority for the payment of bond costs related to the Columbus Outlets project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Berkshire Township Park Grant Fund The Berkshire Township park grant fund accounts for and reports the receipt of grants and transfers for the purpose of completing the Berkshire Township park project.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 disbursements 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 (C) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

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

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 re-appropriated.

A summary of 2020 budgetary activity appears in Note 3.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

The Township 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 Township must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

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 Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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 Township 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 ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$643,876	\$759,645	\$115,769
Special Revenue	441,373	476,774	35,401
Debt Service	2,206,669	2,206,665	(4)
Capital Projects	100	54	(46)
Total	\$3,292,018	\$3,443,138	\$151,120

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,698,800	\$561,406	1,137,394
Special Revenue	1,312,700	338,836	973,864
Debt Service	2,208,142	2,206,658	1,484
Capital Projects	70,200	79,650	(9,450)
Total	\$5,289,842	\$3,186,550	\$2,103,292

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

	2020
Demand deposits	\$ 266,171
STAR Ohio Plus	858,430
Total deposits	1,124,601
STAR Ohio	1,159,663
Total investments	1,159,663
Total deposits and investments	\$ 2,284,264

The Township does not use a separate payroll clearing account. The disbursements included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 36,348,066
Actuarial liabilities	10,849,146

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s elected officials and 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 Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Members of the Zoning Board and the Zoning Appeals Board of the Township contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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 OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2020.

Note 9 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 7,938

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 may impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Jointly Governed Organizations/Intergovernmental Agreements

Berkshire Township, Delaware County, and the City of Delaware have entered into a Jointly Economic Development District (JEDD) agreement. The City of Delaware is the fiscal agent and distributes them out to the appropriate members, of which Berkshire Township is a member. The length of this JEDD is 100 years. The JEDD Board consists of representatives from Berkshire Township, the City of Delaware, business owners within the JEDD, and a representative for the persons working within the JEDD.

Note 14 – Tax Increment Financing Agreement

On December 1, 2017, the Township along with the Berkshire Landing New Community Authority, Delaware County, Delaware County Finance Authority, and Columbus Outlets, LLC entered into a cooperative agreement. Under the Development Agreement, the Developer agreed to incur certain upfront costs of the initial construction and completion of the Project on behalf of the County, the New Community Authority and the Township, provided that upon the completion such costs of the Project (in excess of the County Contribution, as defined herein) would be reimbursed to the Developer from TIF Payments (defined below) contributed by the Township and community development charges levied by the Authority.

In order to provide funding for the Project, the County contributed \$8 million to provide a portion of the cost of the Project, the Township agreed to provide an exemption from 75% of real property taxes of the improvements (as defined in Section 5709.73 of the Ohio Revised Code) associated with the Development, and to require the owner of the Development to make payments in lieu of taxes ("TIF Payments") in an amount equal to the real property taxes so exempted, and to make such TIF Payments available to pay costs of the Project and the New Community Authority agreed to levy a community development charge, in accordance with Chapter 349 of the Ohio Revised Code equal to 1/2 of 1% of all sales at retail occurring at the Development and contribute such amounts towards the costs of the Project.

Note 15 - Compliance

The Township did not properly record on-behalf payments, in noncompliance with Ohio Revised Code 5705.42 and 5705.41.

Berkshire Township
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 16 - Restatement

During 2020, the Township determined that a restatement to the beginning cash fund balance of the Berkshire Township Park Grant fund (Capital Projects Fund Type) was necessary to adjust for an outstanding reconciling item (void of a previous year outstanding warrant). The effect of this restatement is shown below:

	Berkshire Township Park Grant Fund
Fund Cash Balance as previously reported	\$ 30,470
Adjustment for outstanding reconciling item	<u>59,650</u>
Restated Fund Cash Balance at January 1, 2020	<u><u>\$ 90,120</u></u>

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Berkshire Township
Delaware County
1454 Rome Corners Road
Galena, Ohio 43021

To the Members of the Board of Trustees:

We have audited, in accordance with the 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 for each governmental fund type of the Berkshire Township, Delaware County, Ohio, 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 April 15, 2022, wherein we noted as described in Note 2 to the financial statements, the Berkshire Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Furthermore, we noted as described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. In addition, we noted as described Note 16 to the financial statements, during 2020, the Berkshire Township determined that a restatement to the beginning cash fund balance of the Berkshire Township Park Grant fund (Capital Projects Fund Type) was necessary to adjust for an outstanding reconciling item.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Berkshire Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Berkshire Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berkshire Township'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 Berkshire Township'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berkshire Township'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

Berkshire Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Berkshire Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Berkshire Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on these responses.

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 Berkshire Township'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 Berkshire Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
April 15, 2022

**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Township, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items and fund balances are properly classified.

The following adjustments were made to the financial statements for the years ended December 31, 2021 and 2020, respectively.

2021:

- Record on-behalf TIF Payments. Increase payment in lieu of taxes receipts and general government disbursements in the amount of \$1,445,235 in the Columbus Outlets TIF Fund (Debt Service Fund Type).
- Record on-behalf Ohio Public Works Commission (OPWC) receipts and disbursements. Increase intergovernmental receipts and capital outlay disbursements in the amount of \$59,584 in the Road District Fund (Special Revenue Fund Type).

2020:

- Record on-behalf TIF Payments. Increase payment in lieu of taxes receipts and general government disbursements in the amount of \$2,206,657 in the Columbus Outlets TIF Fund (Debt Service Fund Type).
- Reclass disbursements from other financing uses disbursements to general government disbursements in the General Fund in the amount of \$23,592.

The audited financial statements and note disclosures have been adjusted for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with certain cash transactions could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Township’s activity.

We recommend the Township design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Township should consider having an outside third-party, or Trustee member with financial experience, to review the financial report prior to filing in the Hinkle System. Further, the Township should reach out to its auditor throughout the year if questions arise on how to properly account for certain complex/unique receipts or disbursements.

Client Response: The Township will closely monitor all transactions to ensure accurate financial reporting in the future.

**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND REPOSSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-002

Material Weakness/Noncompliance – On-Behalf Payments

Ohio Rev. Code § 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the state, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

The Township entered into an agreement with the Ohio Public Works Commission (OPWC) for a grant during the year ending December 31, 2021. The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the state will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and disbursement in the appropriate governmental and/or enterprise fund equal to the amount disbursed.

The Township entered into a TIF agreement with the Berkshire Landing New Community Authority (Community Authority) during the year ending December 31, 2017. The County will disburse tax revenue to the Community Authority to cover bond payments. The County will notify the Township of the amounts disbursed. Upon receipt of this notice, each local government shall record a receipt and disbursement in the appropriate governmental and/or enterprise fund equal to the amount disbursed.

The Township did not record the payments made directly to contractors as part of the 2021 OPWC project. Additionally, in 2021 and 2020, the Township did not record on-behalf TIF payments. See Finding 2021-001.

The failure to record TIF/ grant activity results in understated receipts and disbursements on the financial statements.

**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND REPOSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-002 (Continued)

To improve accurate financial reporting, the Township should establish procedures to account for all on-behalf receipts and payments to help ensure that the financial statements reflect the receipts and disbursement activity.

Client Response: The Fiscal Officer will work to add additional procedures to help ensure on-behalf receipts/disbursements are timely and accurately posted in the year the activity takes place.

**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	<u>Material Weakness/Noncompliance – Ohio Revised Code 5705.39</u> – The Township had appropriations in excess of estimated resources in various funds for the year ending December 31, 2018.	Partially Corrected	Finding repeated in Management Letter.
2019-002	<u>Material Weakness/Noncompliance – Ohio Revised Code 5705.36</u> – The Township did not properly certify unencumbered fund balances at January 1, 2018. Also, during the year, the Township did not request enough amended certificates throughout the year upon notice of increased or decreased resources.	Partially Corrected	Finding repeated in Management Letter.
2019-003	<u>Noncompliance – Ohio Revised Code 5705.36(A)(4)</u> – The Township had appropriations that were greater than actual resources in the Road District Fund for the year ending December 31, 2018.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-004	<u>Material Weakness/Noncompliance – Ohio Revised Code 5705.41(B)</u> – The Township had disbursements exceeding appropriations in the Berkshire Township Park Grant Fund for the year ending December 31, 2019.	Corrective Action Taken and Finding is Fully Corrected	N/A

**BERKSHIRE TOWNSHIP
DELAWARE COUNTY, OHIO**

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

Finding Number	Finding Summary	Status	Additional Information
2019-005	<u>Material Weakness/Noncompliance – Ohio Revised Code 5705.40</u> – Adjustments to the budget were made in the Township’s system without proper Board approval. Due to these unapproved and unallowable adjustments, disbursements exceeded appropriations in the Berkshire Township Park Grant Fund for the year ending December 31, 2019. Thus, the Township did not properly modify its appropriations throughout the year.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-006	<u>Material Weakness – Financial Statement Presentation</u> – Certain adjustments were made to the financial statements to properly record significant transactions for the years ending December 31, 2019 and 2018.	Not Corrected	Finding repeated as 2021-001.

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OHIO AUDITOR OF STATE KEITH FABER



BERKSHIRE TOWNSHIP

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 6/23/2022

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