

MARLBORO TOWNSHIP
DELAWARE COUNTY, OHIO

Financial Statements
December 31, 2004 and 2003

Wolf, Rogers, Dickey & Co.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Marlboro Township, Delaware County
1216 Norton Rd.
Radnor, OH 43066

We have reviewed the *Independent Auditors' Report* of Marlboro Township, Delaware County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Marlboro Township, Delaware County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 13, 2005

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Marlboro Township
Delaware County, Ohio

For the Years Ended
December 31, 2004 and 2003

Table of Contents

Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2004	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2003	4
Notes to the Financial Statements	5-9
Independent Auditors' Report on Internal Control Over Financial Reporting And On Compliance And Other Matters, Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	10-11

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Independent Auditors' Report

Marlboro Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Marlboro Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2004 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity-wide statements and also to present larger (i.e. major) funds separately for 2004. Because the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditors' Report

In our opinion, because the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Marlboro Township, Delaware County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

August 8, 2005

Marlboro Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2004

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 14,879	-	14,879
Intergovernmental	36,929	71,493	108,422
Earnings on investments	3,192	1,681	4,873
Other revenue	<u>5,613</u>	<u>-</u>	<u>5,613</u>
Total cash receipts	<u>60,613</u>	<u>73,174</u>	<u>133,787</u>
 Cash disbursements:			
Current:			
General government	41,145	-	41,145
Public safety	<u>15,000</u>	<u>29,597</u>	<u>44,597</u>
Total cash disbursements	<u>56,145</u>	<u>29,597</u>	<u>85,742</u>
Total receipts over disbursements	4,468	43,577	48,045
Fund cash balances, January 1	<u>278,478</u>	<u>367,740</u>	<u>646,218</u>
Fund cash balances, December 31	\$ <u>282,946</u>	<u>411,317</u>	<u>694,263</u>

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

Marlboro Township
Delaware County, Ohio
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>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 15,447	-	15,447
Intergovernmental	43,298	71,802	115,100
Earnings on investments	2,710	2,887	5,597
Other revenue	<u>7,474</u>	<u>-</u>	<u>7,474</u>
Total cash receipts	<u>68,929</u>	<u>74,689</u>	<u>143,618</u>
 Cash disbursements:			
Current:			
General government	47,288	-	47,288
Public safety	<u>13,680</u>	<u>101,689</u>	<u>115,369</u>
Total cash disbursements	<u>60,968</u>	<u>101,689</u>	<u>162,657</u>
Total receipts over (under) disbursements	7,961	(27,000)	(19,039)
Fund cash balances, January 1	<u>270,517</u>	<u>394,740</u>	<u>665,257</u>
Fund cash balances, December 31	\$ <u>278,478</u>	<u>367,740</u>	<u>646,218</u>

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

Marlboro Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

Description of the Entity

Marlboro 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 and cemetery maintenance. The Township contracts with the Delaware County Sheriff's Department to provide security of persons and property.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 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.

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. Certificates of deposit are valued at cost.

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:

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.

Marlboro Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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 Fund:

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

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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

Marlboro Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment 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:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 294,591	246,220
Certificates of deposit	<u>400,000</u>	<u>400,000</u>
Total deposits	694,591	646,220
Total investments	<u> -</u>	<u> -</u>
Total deposits and investments	\$ <u>694,591</u>	<u>646,220</u>

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

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 99,432	60,613	(38,819)
Special revenue	<u>67,956</u>	<u>73,174</u>	<u>5,218</u>
Total	\$ <u>167,388</u>	<u>133,787</u>	<u>(33,601)</u>

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 80,000	56,145	23,855
Special revenue	<u>21,000</u>	<u>29,597</u>	<u>(8,597)</u>
Total	\$ <u>101,000</u>	<u>85,742</u>	<u>15,258</u>

Marlboro Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 52,166	68,929	16,763
Special revenue	<u>67,240</u>	<u>74,689</u>	<u>7,449</u>
Total	\$ <u>119,406</u>	<u>143,618</u>	<u>24,212</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 109,075	60,968	48,107
Special revenue	<u>160,000</u>	<u>101,689</u>	<u>58,311</u>
Total	\$ <u>269,075</u>	<u>162,657</u>	<u>106,418</u>

(3) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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 unless extended to June 15.

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

Marlboro Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

(5) Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 2004 and 2003, 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, 2004.

(6) Risk Management

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance coverage to Township Trustees and the Clerk through a private carrier.

(7) Lease Agreement

In July 1996, the Township entered into a five year agreement to lease real property comprised of approximately 1,225 square feet of land for a cellular antenna to be constructed and maintained on the site. Under terms of the lease, the Township will receive rent in the amount of \$6,900 per year. The agreement provides for four renewal periods of five years each and increasing rents during the renewal periods.

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**Independent Auditors' 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***

Marlboro Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the financial statements of Marlboro Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 8, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error of fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 8, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring 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 grant agreements, 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 we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 8, 2005.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

August 8, 2005



**Auditor of State
Betty Montgomery**

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MARLBORO 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
NOVEMBER 10, 2005**