

**BERLIN TOWNSHIP  
DELAWARE COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Berlin Township  
3271 Cheshire Road  
Delaware, Ohio 43015

We have reviewed the *Independent Accountants' Report* of Berlin Township, Delaware County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 Accountants' 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 Accountants' 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. Berlin Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA  
Chief Deputy Auditor

October 13, 2011

**This Page is Intentionally Left Blank.**

**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, 2010.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	12
Schedule of Prior Audit Findings .....	14

**This Page is Intentionally Left Blank.**

***Perry & Associates***  
Certified Public Accountants, A.C.

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. AIRSVILLE  
121 E Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT ACCOUNTANTS' REPORT**

July 27, 2011

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 years ended December 31, 2010 and 2009. 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 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While 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 GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009 or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Berlin Township, Delaware County, as of December 31, 2010 and 2009, and its combined cash receipts, disbursements and reserve for encumbrances for the years then ended on the accounting basis Note 1 describes.

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 July 27, 2011, 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 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*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.



**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, 2010**

	<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 and Other Local Taxes	\$ 444,528	\$ 623,659	\$ -	\$ -	\$ 1,068,187
Intergovernmental	792,656	236,900	-	248,600	1,278,156
Licenses, Permits, and Fees	6,625	40,668	-	-	47,293
Earnings on Investments	4,490	200	-	-	4,690
Miscellaneous	1,194	27,341	-	-	28,535
<b>Total Cash Receipts</b>	<u>\$1,249,493</u>	<u>928,768</u>	<u>-</u>	<u>248,600</u>	<u>2,426,861</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	320,867	22,452	-	-	343,319
Public Safety	-	387,531	-	-	387,531
Public Works	133,296	168,345	-	-	301,641
Health	33,392	9,475	-	-	42,867
Capital Outlay	28,604	102,035	-	342,292	472,931
Debt Service:					
Redemption of Principal	-	-	5,364	-	5,364
<b>Total Cash Disbursements</b>	<u>516,159</u>	<u>689,838</u>	<u>5,364</u>	<u>342,292</u>	<u>1,553,653</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>733,334</u>	<u>238,930</u>	<u>(5,364)</u>	<u>(93,692)</u>	<u>873,208</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	-	-	-	192,373	192,373
Transfers-Out	(77,373)	(115,000)	-	-	(192,373)
Advances-In	240,000	-	-	-	240,000
Advances-Out	-	(240,000)	-	-	(240,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>162,627</u>	<u>(355,000)</u>	<u>-</u>	<u>192,373</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts and Other Financing Disbursements Over/(Under) Cash Disbursements	895,961	(116,070)	(5,364)	98,681	873,208
Fund Cash Balances, January 1	2,558,095	607,294	58,999	18,575	3,242,963
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 3,454,056</b></u>	<u><b>\$ 491,224</b></u>	<u><b>\$ 53,635</b></u>	<u><b>\$ 117,256</b></u>	<u><b>\$ 4,116,171</b></u>
Reserve for Encumbrances, December 31	10,328	61,655	53,635	-	125,618

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

**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, 2009**

	<u>Governmental Fund Type</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 439,727	\$ 615,848	\$ -	\$ -	\$ 1,055,575
Intergovernmental	273,142	232,536	-	-	505,678
Licenses, Permits, and Fees	6,083	33,153	-	-	39,236
Earnings on Investments	8,044	327	-	-	8,371
Miscellaneous	1,585	24,802	-	-	26,387
	<u>728,581</u>	<u>906,666</u>	<u>-</u>	<u>-</u>	<u>1,635,247</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	343,818	27,780	-	-	371,598
Public Safety		335,550	-	-	335,550
Public Works	146,347	88,406	-	-	234,753
Health	37,114	12,524	-	-	49,638
Capital Outlay	70,291	79,287	-	-	149,578
Debt Service:					
Redemption of Principal			5,364	-	5,364
	<u>597,570</u>	<u>543,547</u>	<u>5,364</u>	<u>-</u>	<u>1,146,481</u>
<b>Total Cash Disbursements</b>					
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>131,011</u>	<u>363,119</u>	<u>(5,364)</u>	<u>-</u>	<u>488,766</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Advances-In	300,000	-	-	-	300,000
Advances-Out		(300,000)	-	-	(300,000)
	<u>300,000</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts and Other Financing Disbursements Over/(Under) Cash Disbursements	431,011	63,119	(5,364)	-	488,766
Fund Cash Balances, January 1	2,127,084	544,175	64,363	18,575	2,754,197
<b>Fund Cash Balances, December 31</b>	<u>\$ 2,558,095</u>	<u>\$ 607,294</u>	<u>\$ 58,999</u>	<u>\$ 18,575</u>	<u>\$ 3,242,963</u>
Reserve For Encumbrances, December 31	4,839	34,292	58,999	18,575	116,705

The notes to the Financial Statements are an integral part of this statement.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Berlin Township, Delaware County, (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 and a publicly-elected Fiscal Officer. The Township provides general governmental services, including road and, fire services, and cemetery maintenance. The Township leases space to the Delaware County EMS to provide ambulance 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 accounting basis the Auditor of State prescribes or permits. 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township maintains funds in an interest bearing checking and Star Ohio account. Interest earned is recognized and recorded when received.

**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 Fund**

This fund is 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 has the following significant Special Revenue Fund:

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

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**2. Special Revenue Fund (Continued)**

Fire District Fund – This fund receives property tax money and grants to provide fire services for the Township.

Motor Vehicle Fund – This fund receives motor vehicle license fee money to pay for constructing, maintaining, and repairing Township roads.

Permissive Motor Vehicle – The fund receives additional motor vehicle license fee money that is assessed by Delaware County and the Township to pay for constructing, maintaining, and repairing Township roads.

**3. Debt Service Fund**

This debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Debt Service Fund – The Debt Service Fund was established to retire OPWC loans for road maintenance and construction.

**4. Capital Project Fund**

This fund account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Funds:

The OPWC Meadows at Cheshire Road Capital Project Fund – The fund was established for the improvement of these roads.

Fire Tanker Fund – This fund is accumulating resources for the future purchase of a fire tanker truck.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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, 2010 AND 2009  
(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 commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated in the subsequent year.

A summary of 2010 and 2009 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 vacation leave. The financial statements do not include a liability for unpaid leave.

**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:

	2010	2009
Demand Deposits	\$ 49,602	\$ 71,375
Star Ohio	4,066,569	3,171,588
Total Deposits and Investments	\$ 4,116,171	\$ 3,242,963

**Deposits:** are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

Fund Type	2010 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,244,417	\$ 1,249,493	\$ 5,076
Special Revenue	915,456	928,768	13,312
Capital Projects	473,600	440,973	(32,627)
Total	\$ 2,633,473	\$ 2,619,234	\$ (14,239)

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (CONTINUED)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,797,673	\$ 603,860	\$ 3,193,813
Special Revenue	1,488,457	866,493	621,964
Debt Service	58,999	58,999	-
Capital Projects	492,175	342,292	149,883
Total	\$ 5,837,304	\$ 1,871,644	\$ 3,965,660

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,028,494	\$ 728,581	\$ (299,913)
Special Revenue	904,296	906,666	2,370
Total	\$ 1,932,790	\$ 1,635,247	\$ (297,543)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,143,213	\$ 602,409	\$ 2,540,804
Special Revenue	1,442,061	577,839	864,222
Debt Service	64,363	64,363	-
Capital Projects	18,575	18,575	-
Total	\$ 4,668,212	\$ 1,263,186	\$ 3,405,026

**4. PROPERTY TAX**

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 February 10. The second half payment is due the following July 10.

Public utilities are also taxed on personal and real property located within the Township.

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.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2010, was as follows:

	Principal	Interest Rate
OPWC Loan - Piatt Road II	\$ 17,808	0.00%
OPWC Loan - Hollenbeck Road	35,827	0.00%
	\$ 53,635	

The loans were issued to finance road maintenance and construction, and are paid semi-annually in the amounts of \$891 and \$1,791, respectively.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Piatt Road Improvement Loan	OPWC Hollenbeck Road Improvement Loan
2011	\$ 1,781	\$ 3,583
2012	1,781	3,583
2013	1,781	3,583
2014	1,781	3,583
2015	1,781	3,583
2016-2020	8,903	17,912
	\$ 17,808	\$ 35,827

The reported amount in the audit report at December 31, 2008 for the OPWC Hollenbeck Road Improvement Loan was \$39,409 and the amount per confirmation from the OPWC states it should have been \$42,993.

**6. RETIREMENT SYSTEMS**

The Township's certified full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2010 and 2009, 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, 2010.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. RISK MANAGEMENT (CONTINUED)**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	(10,664,724)	(12,880,766)
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$18,294

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$24,722	\$20,092



**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. RISK MANAGEMENT (CONTINUED)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. TRANSFERS AND ADVANCES**

During 2010 and 2009 the following transfers and advances were made:

2010 Transfer and Advance Activity				
Fund	Transfer-In	Advances-In	Transfers-Out	Advances-Out
General Fund	\$ -	\$ 240,000	\$ (77,373)	\$ -
Fire Fund	-	-	(115,000)	(240,000)
Capital Projects - OPWC	77,373	-	-	-
Capital Projects - Fire Truck	115,000	-	-	-
	\$ 192,373	\$ 240,000	\$ (192,373)	\$ (240,000)

2009 Transfer and Advance Activity				
Fund	Transfer-In	Advances-In	Transfers-Out	Advances-Out
General Fund	\$ -	\$ 300,000	\$ -	\$ -
Fire Fund	-	-	-	(300,000)
	\$ -	\$ 300,000	\$ -	\$ (300,000)

In 2010, the Township transferred monies to the Capital Projects-OPWC from the General Fund for improvement of the Meadows at Cheshire Road. Also the Fire Fund transferred money to the Capital Projects Fund for the purchase of a new fire truck.

During 2006, the Township's General Fund advanced \$1,050,000 to the Fire District Fund. The repayment of this advance is scheduled to take place over a four year period using tax monies received by the Fire District Fund Levy Proceeds. The Township advanced monies from the Fire District Fund to the General Fund in both 2010 and 2009 for advance repayment purposes. The advances were deemed to be proper and in compliance with all Ohio Revised Code requirements. The total advance was completely repaid as of December 31, 2010.

**9. SUBSEQUENT EVENTS**

The Township has evaluated events subsequent to the date of the basic financial statements through July 27, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial date through July 27, 2011 that would require adjustment or disclosure in the financial statements.

***Perry & Associates***  
Certified Public Accountants, A.C.  
www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST.CLAIRSVILLE  
121 E Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

July 27, 2011

Berlin Township  
Delaware County  
3271 Cheshire Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the financial statements of **Berlin Township**, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 27, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Berlin Township  
Delaware County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**BERLIN TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC 5705.14, 5705.15, AND 5705.16	Yes	Corrected
2008-002	Ohio Administrative Code 117-7-01	Yes	Corrected



# Dave Yost • Auditor of State

**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  
NOVEMBER 10, 2011**