

**BERLIN TOWNSHIP
DELAWARE COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

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, 2007 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 5, 2009

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**BERLIN TOWNSHIP
DELAWARE COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

July 24, 2009

Berlin Township
Delaware County
3271 Cheshire Rd.
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, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007 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 and reserve for encumbrances of Berlin Township, Delaware County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements 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 24, 2009, 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,



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, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 423,658	\$ 589,285	\$ -	\$ -	\$ 1,012,943
Intergovernmental	210,632	233,639	-	-	444,271
Licenses, Permits, and Fees	5,835	40,118	-	-	45,953
Earnings on Investments	61,403	4,222	-	-	65,625
Miscellaneous	1,395	49,955	-	-	51,350
Total Cash Receipts	<u>702,923</u>	<u>917,219</u>	<u>-</u>	<u>-</u>	<u>1,620,142</u>
Cash Disbursements:					
Current:					
General Government	296,618	22,897	-	-	319,515
Public Safety	-	309,813	-	-	309,813
Public Works	135,766	221,930	-	-	357,696
Health	29,794	10,347	-	-	40,141
Debt Service:					
Redemption of Principal	-	-	5,363	-	5,363
Capital Outlay	31,586	128,754	-	6,225	166,565
Total Cash Disbursements	<u>493,764</u>	<u>693,741</u>	<u>5,363</u>	<u>6,225</u>	<u>1,199,093</u>
Total Cash Receipts Over/(Under) Disbursements	209,159	223,478	(5,363)	(6,225)	421,049
Other Financing Receipts and (Disbursements):					
Transfers-In	-	-	-	24,800	24,800
Advances-In	300,000	-	-	-	300,000
Transfers-Out	(24,800)	-	-	-	(24,800)
Advances-Out	-	(300,000)	-	-	(300,000)
Total Other Financing Receipts/(Disbursements)	<u>275,200</u>	<u>(300,000)</u>	<u>-</u>	<u>24,800</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	484,359	(76,522)	(5,363)	18,575	421,049
Fund Cash Balances, January 1	1,642,725	620,697	69,726	-	2,333,148
Fund Cash Balances, December 31	<u>\$ 2,127,084</u>	<u>\$ 544,175</u>	<u>\$ 64,363</u>	<u>\$ 18,575</u>	<u>\$ 2,754,197</u>
Reserve for Encumbrances, December 31	11,775	7,001	64,363	-	83,139

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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 415,312	\$ 580,082	\$ -	\$ -	\$ 995,394
Intergovernmental	102,114	223,193	-	-	325,307
Licenses, Permits, and Fees	13,312	59,125	-	-	72,437
Earnings on Investments	129,158	6,061	-	-	135,219
Miscellaneous	4,966	21,643	-	-	26,609
Total Cash Receipts	<u>664,862</u>	<u>890,104</u>	<u>-</u>	<u>-</u>	<u>1,554,966</u>
Cash Disbursements:					
Current:					
General Government	291,898	41,404	-	-	333,302
Public Safety	-	299,517	-	-	299,517
Public Works	94,705	112,107	-	-	206,812
Health	30,765	9,486	-	-	40,251
Debt Service:					
Redemption of Principal	-	-	5,363	-	5,363
Capital Outlay	100,139	80,126	-	1,667,626	1,847,891
Total Cash Disbursements	<u>517,507</u>	<u>542,640</u>	<u>5,363</u>	<u>1,667,626</u>	<u>2,733,136</u>
Total Cash Receipts Over/(Under) Disbursements	147,355	347,464	(5,363)	(1,667,626)	(1,178,170)
Other Financing Receipts and (Disbursements):					
Transfers-In	15,133	-	-	85,000	100,133
Advances-In	210,000	-	-	-	210,000
Transfers-Out	-	(85,000)	-	(15,133)	(100,133)
Advances-Out	-	(210,000)	-	-	(210,000)
Total Other Financing Receipts/(Disbursements)	<u>225,133</u>	<u>(295,000)</u>	<u>-</u>	<u>69,867</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	372,488	52,464	(5,363)	(1,597,759)	(1,178,170)
Fund Cash Balances, January 1 (Restated see Note 9)	1,270,237	568,233	75,089	1,597,759	3,511,318
Fund Cash Balances, December 31	<u>\$ 1,642,725</u>	<u>\$ 620,697</u>	<u>\$ 69,726</u>	<u>\$ -</u>	<u>\$ 2,333,148</u>
Reserve for Encumbrances, December 31	7,500	639	69,726	-	77,865

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

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

\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 bridge maintenance, fire services, and cemetery maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Change in Basis of Accounting

During the last audit period, the Township implemented the regular basis of accounting as prescribed by the Auditor of State's office. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Township changed its basis of accounting from cash basis to AOS regulatory basis.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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.

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Capital Project- Fire Station Fund – The Capital Project- Fire Station Fund was established for the construction of a new fire station.

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. Appropriations lapse at year end.

2. 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.

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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 2008 and 2007 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.

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:

	2008	2007
Demand Deposits	\$ 30,843	\$ 89,885
Star Ohio	2,723,354	2,243,263
Total Deposits and Investments	\$ 2,754,197	\$ 2,333,148

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,047,008	\$ 1,002,923	\$ (44,085)
Special Revenue	912,531	917,219	4,688
Capital Projects	24,800	24,800	-
Total	\$ 1,984,339	\$ 1,944,942	\$ (39,397)

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,681,642	\$ 530,339	\$ 2,151,303
Special Revenue	1,233,176	1,000,742	232,434
Debt Service	69,726	69,726	-
Capital Projects	24,800	6,225	18,575
Total	\$ 4,009,344	\$ 1,607,032	\$ 2,383,737

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 878,029	\$ 889,995	\$ 11,966
Special Revenue	893,605	890,104	(3,501)
Capital Projects	310,000	85,000	(225,000)
Total	\$ 2,081,634	\$ 1,865,099	\$ 8,465

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,135,333	\$ 525,007	\$ 1,610,326
Special Revenue	1,238,595	837,640	400,955
Debt Service	75,089	75,089	-
Capital Projects	1,718,127	1,682,759	35,368
Total	\$ 5,167,144	\$ 3,120,495	\$ 2,046,649

Contrary to ORC Section 5705.14, states in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority.

4. 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, 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.

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, 2008 AND 2007
(Continued)**

5. DEBT

Debt outstanding at December 31, 2008, was as follows:

	Principal	Interest Rate
OPWC Loan	\$ 21,370	0.00%
OPWC Loan	39,409	0.00%
	\$ 60,779	

The loans were issued to finance road maintenance and construction, and are paid semi-annually.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC	OPWC
2009	\$ 3,583	\$ 1,781
2010	3,583	1,781
2011	3,583	1,781
2012	3,583	1,781
2013	3,583	1,781
2014-2020	21,494	12,465
	\$ 39,409	\$ 21,370

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Township contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

Risk Pool Membership

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.

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty Coverage (Continued)

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values.

If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (the most current available).

	2007	2006
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$29,852,866	\$29,921,614

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,853. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

Contributions to OTARMA	
2008	\$ 18,578
2007	\$ 11,891

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 2008 and 2007 the following transfers and advances were made:

2008 Transfer and Advance Activity				
Fund	Transfer In	Advance In	Transfer Out	Advance Out
General Fund	-	300,000	24,800	-
Fire District	-	-	-	300,000
Capital Projects-Parks	24,800	-	-	-

2007 Transfer and Advance Activity				
Fund	Transfer In	Advance In	Transfer Out	Advance Out
General Fund	15,133	210,000	-	-
Fire District	-	-	85,000	210,000
Capital Projects-Fire Station	85,000	-	15,133	-

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. TRANSFERS AND ADVANCES (Continued)

In 2008, the Township transferred monies to the Capital Projects-Parks Fund from the General Fund for park improvements. In 2007, the Township transferred monies to the General Fund and Capital Projects-Fire Station Fund to complete the construction of the station and a storage building.

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 three 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 2008 and 2007 for advance repayment purposes. The advances were deemed to be proper and in compliance with all Ohio Revised Code requirements.

9. PRIOR PERIOD FUND BALANCE ADJUSTMENT

The Township made a fund balance adjustment in 2007 to correct errors found during the prior audit period that had been included in the General and Special Revenue Funds.

	<u>General Fund</u>	<u>Special Revenue</u>
Balance as of December 31, 2006	\$ 1,277,357	\$ 561,113
Adjustment for Posting Errors	(7,120)	7,120
Adjusted Fund Balance	<u>\$ 1,270,237</u>	<u>\$ 568,233</u>

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

July 24, 2009

Berlin Township
Delaware County
3271 Cheshire Rd.
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, 2008 and 2007, and have issued our report thereon dated July 24, 2009, 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 expressing our opinions on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are not material weaknesses.

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 a instance of noncompliance or other matter that we must report under *Government Auditing Standard* which are described in the accompanying schedule of findings as item 2008-001.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Township's responses, and accordingly, we express no opinion them.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance/Significant Deficiency

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 state in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority.

The Township made a transfer from the Fire District Fund to the General Fund in error, and subsequently made a second transfer from the General Fund to the Fire District Fund as a corrective action, as opposed to reversing the original entry.

We recommend the Township reverse the transfer, rather than posting a second transfer to correct transfer errors.

Management's Response – I assumed with reversing the transfer entry I was correcting the original entry, due to the fact the end result was zero dollars. I was unaware that I should use journal entries to correct postings.

FINDING NUMBER 2008-002

Significant Deficiency

Posting Receipts

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2008 and 2007, MVL (Auto Tag) revenue was classified as Property and Other Local Taxes.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts.

Management's Response – In the UAN chart of accounts, object 104 was named MVL Tax Township Levied. This account has been used since the inception of this revenue in the early 1990's. Due to the fact the revenue was not a voted tax, I was advised by the audit manager that this was not a proper account. Based on this advice, I will make the necessary changes to post the MVL receipts.

**BERLIN TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Ohio Revised Code, Section 5705.41D, Disbursements not properly encumbered.	Yes	Corrected –Yes
2006-002	Ohio Revised Code, Section 5735.39, Disbursed funds from the Gasoline Tax Fund that were not for highway related purposes.	Yes	Corrected –Yes
2006-003	Sound financial statement; numerous reclassifications.	No	Partially corrected – See Finding 2008-2



Mary Taylor, CPA
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
AUGUST 18, 2009**