

**RADNOR 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  
Radnor Township  
4061 State Route 203  
Radnor, Ohio 43066

We have reviewed the *Independent Accountants' Report* of Radnor 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. Radnor 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

June 20, 2011

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**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

May 13, 2011

Radnor Township  
Delaware County  
4061 State Route 203  
Radnor, OH 43066

To the Board of Trustees:

We have audited the accompanying financial statements of **Radnor 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 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 its 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 Radnor Township, Delaware County, as of December 31, 2010 and 2009, 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 May 13, 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.



**RADNOR 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 87,257	\$ 223,296	\$ 310,553
Intergovernmental	81,377	138,789	220,166
Charges for Services	1,500	13,000	14,500
Licenses, Permits, and Fees	-	10,300	10,300
Earnings on Investments	736	145	881
Miscellaneous	12,580	19,506	32,086
	<u>183,450</u>	<u>405,036</u>	<u>588,486</u>
<b>Total Cash Receipts</b>	<b>183,450</b>	<b>405,036</b>	<b>588,486</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	124,019	-	124,019
Public Safety	-	99,213	99,213
Public Works	-	95,066	95,066
Health	8,500	20,081	28,581
Capital Outlay	3,201	121,713	124,914
Debt Service:			
Redemption of Principal	-	159,909	159,909
Interest and Fiscal Charges	-	21,899	21,899
	<u>135,720</u>	<u>517,881</u>	<u>653,601</u>
<b>Total Cash Disbursements</b>	<b>135,720</b>	<b>517,881</b>	<b>653,601</b>
Total Cash Receipts Over/(Under) Disbursements	47,730	(112,845)	(65,115)
Fund Cash Balances, January 1	448,474	384,476	832,950
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 496,204</u></b>	<b><u>\$ 271,631</u></b>	<b><u>\$ 767,835</u></b>

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

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Fiduciary Fund Type</b>
	<b>Private Purpose Trust</b>
<b>Operating Cash Receipts:</b>	
Total Operating Cash Receipts	\$ -
<b>Operating Cash Disbursements:</b>	
Purchased Services	6
Total Operating Cash Disbursements	6
Net Receipts (Under) Disbursements	(6)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	2
Total Non-Operating Cash Receipts	2
Excess Of Receipts (Under) Disbursements	(4)
Fund Cash Balance, January 1	810
<b>Fund Cash Balance, December 31</b>	<b>\$ 806</b>

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

**RADNOR 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 Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 86,718	\$ 221,716	\$ 308,434
Intergovernmental	56,378	136,505	192,883
Charges for Services	1,100	9,900	11,000
Licenses, Permits, and Fees	-	9,450	9,450
Earnings on Investments	1,625	838	2,463
Miscellaneous	14,802	10,052	24,854
	<u>160,623</u>	<u>388,461</u>	<u>549,084</u>
<b>Total Cash Receipts</b>			
	160,623	388,461	549,084
<b>Cash Disbursements:</b>			
Current:			
General Government	132,128	-	132,128
Public Safety	-	62,475	62,475
Public Works	16,215	59,743	75,958
Health	1,869	17,901	19,770
Capital Outlay	308,768	9,287	318,055
Debt Service:			
Redemption of Principal	-	73,736	73,736
Interest and Fiscal Charges	-	17,738	17,738
	<u>458,980</u>	<u>240,880</u>	<u>699,860</u>
<b>Total Cash Disbursements</b>			
	458,980	240,880	699,860
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>(298,357)</u>	<u>147,581</u>	<u>(150,776)</u>
	(298,357)	147,581	(150,776)
<b>Other Financing Receipts:</b>			
Note Proceeds	303,768	-	303,768
Sale of Fixed Assets	1	13,210	13,211
	<u>303,769</u>	<u>13,210</u>	<u>316,979</u>
<b>Total Other Financing Receipts</b>			
	303,769	13,210	316,979
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<u>5,412</u>	<u>160,791</u>	<u>166,203</u>
	5,412	160,791	166,203
<b>Fund Cash Balances, January 1</b>	<u>443,062</u>	<u>223,685</u>	<u>666,747</u>
	443,062	223,685	666,747
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 448,474</b></u>	<u><b>\$ 384,476</b></u>	<u><b>\$ 832,950</b></u>
	\$ 448,474	\$ 384,476	\$ 832,950

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

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fiduciary Fund Type</b>
	<b>Private Purpose Trust</b>
<b>Operating Cash Receipts:</b>	
Total Operating Cash Receipts	\$ -
<b>Operating Cash Disbursements:</b>	
Purchased Services	7
Total Operating Cash Disbursements	7
Net Receipts (Under) Disbursements	(7)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	6
Total Non-Operating Cash Receipts	6
Excess Of Receipts Over/(Under) Disbursements	(1)
Fund Cash Balance, January 1	811
<b>Fund Cash Balance, December 31</b>	<b>\$ 810</b>

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

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Radnor Township, Delaware County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services including 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 participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

**Public Entity Risk Pool:**

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.

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

**B. Accounting Basis**

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. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township Fiscal Officer invests all available funds of the Township in an interest bearing checking account, Certificates of Deposit, and STAR Ohio. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer and is classified as a cash equivalent.

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

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

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Fire Special Levy Fund – This fund receives tax money from a special fire levy to cover the cost of fire protection.

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds account for interest earned from trusts for perpetual care of certain individuals' cemetery lots located in Radnor Cemetery.

**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 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.

**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.

**RADNOR 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not properly encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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

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

	2010	2009
Demand deposits	\$ 435,680	\$ 451,155
Certificates of deposit	-	50,000
Total deposits	435,680	501,155
STAR Ohio	332,155	331,795
Private Purpose Trust	806	810
Total investments	332,961	332,605
Total deposits and investments	\$ 768,641	\$ 833,760

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or 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.

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 179,959	\$ 183,450	\$ 3,491
Special Revenue	380,039	405,036	24,997
Trust	8	2	(6)
Total	\$ 560,006	\$ 588,488	\$ 28,482

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 571,500	\$ 135,720	\$ 435,780
Special Revenue	748,409	517,881	230,528
Trust	8	6	2
Total	\$ 1,319,917	\$ 653,607	\$ 666,310

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 166,155	\$ 464,392	\$ 298,237
Special Revenue	395,370	401,671	6,301
Trust	13	6	(7)
Total	\$ 561,538	\$ 866,069	\$ 304,531

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 596,500	\$ 458,980	\$ 137,520
Special Revenue	605,500	240,880	364,620
Trust	13	7	6
Total	\$ 1,202,013	\$ 699,867	\$ 502,146

**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 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.



**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**4. PROPERTY TAX (CONTINUED)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Snow Plow Truck Loan	\$ 2,865	5.18%
Tanker Truck Loan	96,589	3.84%
Pumper Truck Loan	260,362	3.63%
Total	\$ 359,816	

The snow plow truck loan was for the purchase of a snow plow for \$80,037 from Navistar Leasing in 2007. The loan will be paid off in equal annual installments of \$17,719, including interest. The first payment was made October 6, 2007. The final payment is due October 12, 2011.

The tanker truck loan was for the purchase of a tanker truck in May of 2008 from First Bankers Corporation. The loan will be paid off in equal annual installments of \$51,695, including interest. The first payment is due November 1, 2009. The final payment is due November 1, 2012.

The Township obtained a promissory note for \$303,768 in October of 2009 from Wells Fargo to finance the purchase of a new pumper truck for Township road maintenance. The Township's taxing authority collateralized the note.

Amortization of the above debt, including interest, is scheduled as follows:

	Snow Plow Truck Loan	Tanker Truck Loan	Pumper Truck Loan
Year ending December 31:			
2011	\$ 3,013	\$ 51,695	\$ 55,039
2012	-	51,695	55,039
2013	-	-	55,039
2014	-	-	55,039
2015	-	-	55,039
Total	\$ 3,013	\$ 103,390	\$ 275,195

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

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, 2009, 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**7. RISK MANAGEMENT (CONTINUED)**

Financial Position (Continued)

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.

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$19,000.

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.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2010</u></b>	<b><u>2009</u></b>
\$ 18,080	\$ 14,869

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.

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.

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

May 13, 2011

Radnor Township  
Delaware County  
4061 State Route 203  
Radnor, OH 43066

To the Board of Trustees:

We have audited the financial statements of **Radnor 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 May 13, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of audit findings to be a material weakness.

### **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 did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 13, 2011.

We intend this report solely for the information and use of Township management, 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.

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2010-001**

**Material Weakness**

**Posting Receipts and Expenditures**

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

Receipts and expenditures were not always posted correctly. The following posting errors were noted:

- Loan proceeds and the corresponding capital outlay expenditure was not recorded in 2009.

This resulted in a reclassification entry being made to the Township's financial statements. The accompanying financial statements reflect the reclassification.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also 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 and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**RADNOR TOWNSHIP  
DELAWARE COUNTY**

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

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 5705.36	Yes	N/A
2008-002	ORC Section 5705.41 (B)	Yes	N/A
2008-003	ORC Section 5705.41 (D)	No	Partially Corrected, Moved to the Management Letter
2008-004	Accounting for Receipts and Expenditures	No	Not Corrected, Repeated as Finding 2010-001

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# Dave Yost • Auditor of State

**RADNOR 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  
JUNE 30, 2011**