



**BERLIN TOWNSHIP
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BERLIN TOWNSHIP
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Berlin Township
Mahoning County
P.O. Box 95
Berlin Center, Ohio 44401-0095

To the Board of Trustees:

We have audited the accompanying financial statements of Berlin Township (the Township), Mahoning County, as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Report of Independent Accountants
Berlin Township
Mahoning County
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This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2002

BERLIN TOWNSHIP
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$77,474	\$108,812	\$21,895			\$208,181
Intergovernmental	31,176	89,205	2,137	\$370,718		493,236
Licenses, Permits, and Fees	2,544	20,000				22,544
Earnings on Investments	6,037	1,500			\$1,058	8,595
Other Revenue	12,071	18,611			750	31,432
Total Cash Receipts	<u>129,302</u>	<u>238,128</u>	<u>24,032</u>	<u>370,718</u>	<u>1,808</u>	<u>763,988</u>
Cash Disbursements:						
Current:						
General Government	82,237	10,560			108	92,905
Public Safety		49,492				49,492
Public Works	570	94,800				95,370
Health	6,216	5,023			195	11,434
Human Services		12,957				12,957
Miscellaneous					401	401
Debt Service:						
Redemption of Principal			14,278			14,278
Interest and Fiscal Charges			750			750
Capital Outlay	6,104	30,971		447,477		484,552
Total Cash Disbursements	<u>95,127</u>	<u>203,803</u>	<u>15,028</u>	<u>447,477</u>	<u>704</u>	<u>762,139</u>
Total Receipts Over/(Under) Disbursements	<u>34,175</u>	<u>34,325</u>	<u>9,004</u>	<u>(76,759)</u>	<u>1,104</u>	<u>1,849</u>
Other Financing Receipts/(Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes				140,000		140,000
Sale of Fixed Assets		6,800				6,800
Transfers-In			5,703			5,703
Advances-In	45,000	10,000		45,000		100,000
Transfers-Out		(5,703)				(5,703)
Advances-Out	(55,000)			(45,000)		(100,000)
Total Other Financing Receipts/(Disbursements)	<u>(10,000)</u>	<u>11,097</u>	<u>5,703</u>	<u>140,000</u>		<u>146,800</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>24,175</u>	<u>45,422</u>	<u>14,707</u>	<u>63,241</u>	<u>1,104</u>	<u>148,649</u>
Fund Cash Balances, January 1	<u>99,441</u>	<u>117,365</u>			<u>24,505</u>	<u>241,311</u>
Fund Cash Balances, December 31	<u>\$123,616</u>	<u>\$162,787</u>	<u>\$14,707</u>	<u>\$63,241</u>	<u>\$25,609</u>	<u>\$389,960</u>
Reserve for Encumbrances, December 31	<u>\$356</u>	<u>\$15,681</u>		<u>\$63,241</u>		<u>\$79,278</u>

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

BERLIN TOWNSHIP
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$79,450	\$95,007	\$39,731			\$214,188
Intergovernmental	21,158	81,321	224,420	\$18,934		345,833
Licenses, Permits, and Fees	2,473					2,473
Earnings on Investments	12,832	1,437			\$1,287	15,556
Other Revenue	60,773	14,332			100	75,205
Total Cash Receipts	176,686	192,097	264,151	18,934	1,387	653,255
Cash Disbursements:						
Current:						
General Government	86,865				373	87,238
Public Safety		77,469				77,469
Public Works	552	79,188				79,740
Health	56,295	1,778			30	58,103
Human Services		15,401				15,401
Miscellaneous					440	440
Debt Service:						
Redemption of Principal		5,668	44,963			50,631
Interest and Fiscal Charges			6,205			6,205
Capital Outlay	8,609	35,676		82,175		126,460
Total Cash Disbursements	152,321	215,180	51,168	82,175	843	501,687
Total Receipts Over/(Under) Disbursements	24,365	(23,083)	212,983	(63,241)	544	151,568
Other Financing Receipts/(Disbursements):						
Transfers-In			6,000			6,000
Advances-In		14,000				14,000
Transfers-Out		(6,000)				(6,000)
Advances-Out	(14,000)					(14,000)
Other Sources		4,588				4,588
Total Other Financing Receipts/(Disbursements)	(14,000)	12,588	6,000			4,588
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,365	(10,495)	218,983	(63,241)	544	156,156
Fund Cash Balances, January 1	123,616	162,787	14,707	63,241	25,609	389,960
Fund Cash Balances, December 31	\$133,981	\$152,292	\$233,690		\$26,153	\$546,116
Reserve for Encumbrances, December 31	\$670					\$670

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Berlin Township, Mahoning 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. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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 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 in cash 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.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The investment in repurchase agreements is valued at cost.

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 Funds

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire District Fund - This fund accounts for property tax money restricted to providing fire protection services and equipment.

Permissive Motor Vehicle License Tax Fund - This fund accounts for motor vehicle license tax proceeds restricted to constructing, maintaining, & repairing Township roads.

3. Debt Service Fund

The 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:

Note Retirement Fund - This fund accounts for property tax money restricted to satisfying the obligations of a note the Township issued to purchase fire equipment, and to repay an interest free loan from the Ohio Public Works Commission for an Issue II Project.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds:

Issue II Fund (Weaver Road) - This fund accounts for grant monies from the State of Ohio to fund the Weaver Road Project.

Fire Trucks and Equipment - This fund accounts for note proceeds used to purchase fire trucks and equipment.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

Expendable Trust Fund - This fund accounts for a trust the Township received for cemetery purposes that both the principal (corpus) and the earnings may be expended.

Non-Expendable Trust Funds - These funds account for bequests the Township received for cemetery purposes that only the interest gained on the principal of the bequests may be expended.

The Township also had an Agency Fund, Unclaimed Monies Fund, which had no activity during 2001 and 2000.

E. Budgetary Process

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 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:

	2001	2000
Demand deposits	(\$27,976)	\$254,736
Certificates of deposit	14,214	14,474
Total deposits	(13,762)	269,210
STAR Ohio	0	120,750
Repurchase agreement	559,878	0
Total investments	559,878	120,750
Total deposits and investments	\$546,116	\$389,960

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: Repurchase agreements are uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,565	\$176,686	\$19,121
Special Revenue	184,082	196,685	12,603
Debt Service	263,046	270,151	7,105
Capital Projects	18,934	18,934	0
Fiduciary	987	1,387	400
Total	\$624,614	\$663,843	\$39,229

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$255,230	\$152,991	\$102,239
Special Revenue	345,523	221,180	124,343
Debt Service	51,168	51,168	0
Capital Projects	82,175	82,175	0
Fiduciary	12,704	843	11,861
Total	\$746,800	\$508,357	\$238,443

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,317	\$129,302	\$985
Special Revenue	238,580	244,928	6,348
Debt Service	23,478	29,735	6,257
Capital Projects	547,839	510,718	(37,121)
Fiduciary	980	1,808	828
Total	\$939,194	\$916,491	(\$22,703)

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,346	\$95,483	\$132,863
Special Revenue	329,883	225,187	104,696
Debt Service	15,028	15,028	0
Capital Projects	511,036	510,718	318
Fiduciary	20,734	704	20,030
Total	\$1,105,027	\$847,120	\$257,907

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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, 2001 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$319,900	0%
Promissory Note	106,205	6.27%
Total	\$426,105	

The promissory note was issued to finance the purchase of new fire equipment for the Township volunteer fire department. This note is collateralized solely by the Township's taxing authority. The Ohio Public Works Commission Loan is an interest free loan issued to finance an Issue II road project.

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT - (Continued)

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

<u>Year ending December 31:</u>	<u>Ohio Public Works Commission Loan</u>	<u>General Obligation Note</u>
2002	\$16,837	\$40,000
2003	16,837	40,000
2004	16,837	39,786
2005	16,837	0
2006	16,837	0
2007 – 2011	84,185	0
2012 - 2016	84,185	0
2017 - 2020	67,345	0
Total	<u>\$319,900</u>	<u>\$119,786</u>

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Berlin Township
Mahoning County
P.O. Box 95
Berlin Center, Ohio 44401-0095

To the Board of Trustees:

We have audited the accompanying financial statements of Berlin Township (the Township), Mahoning County, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 22, 2002.

Berlin Township
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 22, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BERLIN TOWNSHIP

MAHONING 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
APRIL 11, 2002**