



**Auditor of State
Betty Montgomery**

**BERLIN TOWNSHIP
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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) as of and for the years ended December 31, 2003 and 2002. 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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, 2003 and 2002, 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 July 1, 2004, 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.

Berlin Township
Mahoning County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 1, 2004

**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, 2003**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$77,011	\$88,102	\$39,373			\$204,486
Intergovernmental	16,918	94,561	2,260	1,500		115,239
Special Assessments	213					213
Licenses, Permits, and Fees	23,287					23,287
Earnings on Investments	14,204	2,243			1,008	17,455
Other Revenue	3,639	16,171			500	20,310
Total Cash Receipts	<u>135,272</u>	<u>201,077</u>	<u>41,633</u>	<u>1,500</u>	<u>1,508</u>	<u>380,990</u>
Cash Disbursements:						
Current:						
General Government	109,282				186	109,468
Public Safety		60,017				60,017
Public Works	601	84,800		1,500		86,901
Health	7,160	5,041			41	12,242
Human Services		13,612				13,612
Miscellaneous		963			315	1,278
Debt Service:						
Redemption of Principal		5,725	46,543			52,268
Interest and Fiscal Charges			4,569			4,569
Capital Outlay	6,995					6,995
Total Cash Disbursements	<u>124,038</u>	<u>170,158</u>	<u>51,112</u>	<u>1,500</u>	<u>542</u>	<u>347,350</u>
Total Receipts Over/(Under) Disbursements	<u>11,234</u>	<u>30,919</u>	<u>(9,479)</u>		<u>966</u>	<u>33,640</u>
Other Financing Receipts and (Disbursements):						
Advances-In	3,000	3,000				6,000
Advances-Out	(3,000)	(3,000)				(6,000)
Other Uses						
Total Other Financing Receipts/(Disbursements)						
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>11,234</u>	<u>30,919</u>	<u>(9,479)</u>		<u>966</u>	<u>33,640</u>
Fund Cash Balances, January 1	<u>144,543</u>	<u>166,403</u>	<u>223,271</u>		<u>27,000</u>	<u>561,217</u>
Fund Cash Balances, December 31	<u><u>\$155,777</u></u>	<u><u>\$197,322</u></u>	<u><u>\$213,792</u></u>	<u><u>\$0</u></u>	<u><u>\$27,966</u></u>	<u><u>\$594,857</u></u>
Reserve for Encumbrances, December 31	<u><u>\$762</u></u>	<u><u>\$390</u></u>	<u><u>\$0</u></u>	<u><u>\$50,138</u></u>	<u><u>\$0</u></u>	<u><u>\$51,290</u></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, 2002**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$74,639	\$86,730	\$38,405			\$199,774
Intergovernmental	35,289	89,895	2,232	\$54,291		181,707
Special Assessments	221					221
Licenses, Permits, and Fees	4,419					4,419
Earnings on Investments	13,471	2,049			\$1,550	17,070
Other Revenue	4,948	18,124				23,072
Total Cash Receipts	132,987	196,798	40,637	54,291	1,550	426,263
Cash Disbursements:						
Current:						
General Government	103,923				189	104,112
Public Safety		56,364				56,364
Public Works	543	105,802				106,345
Health	14,456				51	14,507
Human Services		16,740				16,740
Miscellaneous					462	462
Debt Service:						
Redemption of Principal		5,781	44,397			50,178
Interest and Fiscal Charges			6,659			6,659
Capital Outlay	3,503			54,291		57,794
Total Cash Disbursements	122,425	184,687	51,056	54,291	702	413,161
Total Receipts Over/(Under) Disbursements	10,562	12,111	(10,419)		848	13,102
Other Financing Receipts and (Disbursements):						
Advances-In	55,291	1,000		54,291		110,582
Advances-Out	(55,291)	(1,000)		(54,291)		(110,582)
Other Sources		2,000				2,000
Other Uses						
Total Other Financing Receipts/(Disbursements)		2,000				2,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,562	14,111	(10,419)		848	15,102
Fund Cash Balances, January 1	133,981	152,292	233,690		26,152	546,115
Fund Cash Balances, December 31	\$144,543	\$166,403	\$223,271	\$0	\$27,000	\$561,217
Reserve for Encumbrances, December 31	\$564	\$3,368	\$0	\$0	\$0	\$3,932

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 interest free loans from the Ohio Public Works Commission for Issue II Projects.

4. Capital Project 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 project funds:

Issue II Fund (Berlin Station Road) - The Township received a grant from the State of Ohio to resurface Berlin Station Road.

Issue II Fund (Shenandoah Drive) - The Township received a grant from the State of Ohio to resurface Shenandoah Drive.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. 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 in 2003 and 2002.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 2003 and 2002 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 investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$7,039	\$5,289
Repurchase agreement	<u>587,818</u>	<u>555,928</u>
Total deposits and investments	<u>\$594,857</u>	<u>\$561,217</u>

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

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,140	\$135,272	\$6,132
Special Revenue	192,303	201,077	8,774
Debt Service	40,800	41,633	833
Capital Projects	51,638	1,500	(50,138)
Fiduciary	1,315	1,508	193
Total	\$415,196	\$380,990	(\$34,206)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,645	\$124,800	\$90,845
Special Revenue	313,242	170,548	142,694
Debt Service	51,112	51,112	0
Capital Projects	51,638	51,638	0
Fiduciary	12,445	542	11,903
Total	\$644,082	\$398,640	\$245,442

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,367	\$132,987	\$8,620
Special Revenue	179,516	198,798	19,282
Debt Service	40,000	40,637	637
Capital Projects	54,291	54,291	0
Fiduciary	1,113	1,550	437
Total	\$399,287	\$428,263	\$28,976

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,633	\$122,989	\$83,644
Special Revenue	319,512	188,055	131,457
Debt Service	51,225	51,056	169
Capital Projects	54,291	54,291	0
Fiduciary	12,421	701	11,720
Total	\$644,082	\$417,092	\$226,990

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.

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, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$337,857	0%
Promissory Note	37,432	6.27%
Total	\$375,289	

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 Loans are interest free loans issued to finance Issue II road projects.

**BERLIN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT - (Continued)

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

	Ohio Public Works Commission Loans	General Obligation Note
Year ending December 31:		
2004	\$20,279	\$39,786
2005	20,279	0
2006	20,279	0
2007	20,279	0
2008	20,279	0
2009 - 2013	101,395	0
2014 - 2018	101,395	0
2019 - 2020	33,672	0
Total	\$337,857	\$39,786

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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 1, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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*.

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.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 1, 2004



**Auditor of State
Betty Montgomery**

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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
AUGUST 5, 2004**