



**Auditor of State
Betty Montgomery**

VILLAGE OF BERKEY
LUCAS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Berkey
Lucas County
12360 Sylvania Metamora Road
P.O. Box 41
Berkey, Ohio 43504-0041

To the Village Council:

We have audited the accompanying financial statements of the Village of Berkey, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village'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 Village 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 of the Village as of December 31, 2002 and 2001, 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 [End of fieldwork date] on our consideration of the Village'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.

Village of Berkey
Lucas County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, Village Council, 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

June 18, 2003

**VILLAGE OF BERKEY
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$16,757	\$3,102		\$19,859
Intergovernmental Receipts	14,555	7,433		21,988
Charges for Services	20,311			20,311
Fines, Licenses, and Permits	52,141			52,141
Earnings on Investments	854	423		1,277
Miscellaneous	1,495			1,495
	<u>106,113</u>	<u>10,958</u>		<u>117,071</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	45,416			45,416
Public Health Services	3,496			3,496
Leisure Time Activities	58,022			58,022
Community Environment	165			165
Transportation		13,179		13,179
General Government	27,265			27,265
	<u>134,364</u>	<u>13,179</u>		<u>147,543</u>
Total Receipts (Under) Disbursements	<u>(28,251)</u>	<u>(2,221)</u>		<u>(30,472)</u>
Other Financing Receipts:				
Sale of Fixed Assets	19,000			19,000
	<u>19,000</u>			<u>19,000</u>
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(9,251)	(2,221)		(11,472)
Fund Cash Balances, January 1	<u>74,547</u>	<u>36,231</u>	<u>\$511</u>	<u>111,289</u>
Fund Cash Balances, December 31	<u>\$65,296</u>	<u>\$34,010</u>	<u>\$511</u>	<u>\$99,817</u>

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

**VILLAGE OF BERKEY
LUCAS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$16,283	\$3,521		\$19,804
Intergovernmental Receipts	12,482	10,364		22,846
Charges for Services	24,545			24,545
Fines, Licenses, and Permits	45,497			45,497
Earnings on Investments	1,491	604		2,095
Miscellaneous	2,965			2,965
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	103,263	14,489		117,752
Cash Disbursements:				
Current:				
Security of Persons and Property	32,858			32,858
Public Health Services	3,572			3,572
Leisure Time Activities	27,870			27,870
Community Environment	50			50
Transportation		8,866		8,866
General Government	35,777			35,777
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	100,127	8,866		108,993
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	3,136	5,623		8,759
Other Financing Receipts and (Disbursements):				
Transfers-In	4,067			4,067
Transfers-Out		(4,067)		(4,067)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	4,067	(4,067)		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	7,203	1,556		8,759
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	67,344	34,675	\$511	102,530
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$74,547	\$36,231	\$511	\$111,289

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

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Berkey, Lucas County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental service, including park operations (leisure time activities), and police services. The Village's management believes these financial statements present all activities for which the Village 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

Cash deposits are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Agency Fund - The Village collected assessments for the utility sewer purposes.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Council 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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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 Village 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:

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

	2002	2001
Demand deposits	\$99,817	\$111,289

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,149	\$125,113	(\$58,036)
Special Revenue	52,087	10,958	(41,129)
Fiduciary	522		(522)
Total	\$235,758	\$136,071	(\$99,687)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,394	\$134,364	\$42,030
Special Revenue	46,100	13,179	32,921
Fiduciary			
Total	\$222,494	\$147,543	\$74,951

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,373	\$107,330	(\$66,043)
Special Revenue	48,496	14,489	(34,007)
Fiduciary	511		(511)
Total	\$222,380	\$121,819	(\$100,561)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$152,322	\$100,127	\$52,195
Special Revenue	44,617	12,933	31,684
Fiduciary			
Total	\$196,939	\$113,060	\$83,879

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

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

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 Village.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Lease-Purchase Agreement	\$13,281	6.50%

The Ford Motor Credit Company equipment lease-purchase agreement was for a 2003 Ford Crown Victoria Police Sedan. The lease will be repaid in quarterly installments of \$1,598 including interest, over four years.

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

Year ending December 31:	Lease- Purchase Loan
2003	\$6,393
2004	6,393
2005	1,598
Total	\$14,384

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Employees Retirement System (OPERS). OPERS 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.

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by OPERS have the option to choose Social Security or OPERS. As of December 31, 2002, three members of Council and the Clerk have elected Social Security. The Council's liability is 6.2% percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Village of Berkey
Lucas County
12360 Sylvania Metamora Road
P.O. Box 41
Berkey, Ohio 43504-0041

To the Village Council:

We have audited the accompanying financial statements of the Village of Berkey, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 18, 2003. 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 Village'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 a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 18, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village'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 a matter involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 18, 2003.

Village of Berkey
Lucas 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 Village Council, 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

June 18, 2003

**VILLAGE OF BERKEY
LUCAS COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30148-001	§ 5705.41(D) Ohio Revised Code; failure to certify funds	No	Partially corrected. The clerk is attempting to certify all Village expenditure transactions reducing this to a management letter comment.
2000-30148-002	§§ 2743.70 and 2949.091 Ohio Revised Code; failure to remit payments to Ohio treasurer	Fully Corrected	



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

VILLAGE OF BERKEY

LUCAS 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 14, 2003**