



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BERKEY
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Berkey
Lucas County
12360 Sylvania Metamora Road
Berkey, Ohio 43504-9705

To the Village Council:

We have audited the accompanying financial statements of the Village of Berkey, Lucas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits 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 audits 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 audits provide 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 and reserves for encumbrances of the Village as of December 31, 2000 and 1999, 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 June 13, 2001 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.

This report is intended solely for the information and use of the finance 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.

Jim Petro
Auditor of State

June 13, 2001

**VILLAGE OF BERKEY
LUCAS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$15,221	\$3,500		\$18,721
Intergovernmental Receipts	10,379	11,969		22,348
Charges for Services	28,219			28,219
Fines, Licenses, and Permits	29,425			29,425
Earnings on Investments	1,465	605		2,070
Miscellaneous	1,002		\$1	1,003
Total Cash Receipts	<u>85,711</u>	<u>16,074</u>	<u>1</u>	<u>101,786</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	23,500	10,033		33,533
Public Health Services	3,190			3,190
Leisure Time Activities	37,862			37,862
Community Environment	840			840
Transportation		8,323		8,323
General Government	19,835			19,835
Debt Service:				
Principal Payments	6,533			6,533
Interest Payments	1,248			1,248
Capital Outlay	7,385			7,385
Total Cash Disbursements	<u>100,393</u>	<u>18,356</u>		<u>118,749</u>
Total Receipts Over (Under) Disbursements	<u>(14,682)</u>	<u>(2,282)</u>	<u>1</u>	<u>(16,963)</u>
Other Financing Receipts/(Disbursements):				
Proceeds From the Sale of Notes	15,166			15,166
Transfers-In		600		600
Advances-In		3,816		3,816
Transfers-Out	(600)			(600)
Advances-Out	(3,816)			(3,816)
Total Other Financing Receipts/(Disbursements)	<u>10,750</u>	<u>4,416</u>		<u>15,166</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,932)	2,134	1	(1,797)
Fund Cash Balances, January 1	<u>70,765</u>	<u>32,541</u>	<u>510</u>	<u>103,816</u>
Fund Cash Balances, December 31	<u>\$66,833</u>	<u>\$34,675</u>	<u>\$511</u>	<u>\$102,019</u>
Reserves for Encumbrances, December 31	<u>\$1,616</u>	<u>\$163</u>		<u>\$1,779</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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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	\$12,875	\$17,706		\$30,581
Intergovernmental Receipts	12,631			12,631
Charges for Services	21,697			21,697
Fines, Licenses, and Permits	18,895			18,895
Earnings on Investments	1,498			1,498
Miscellaneous	3,025	551	\$97	3,673
Total Cash Receipts	<u>70,621</u>	<u>18,257</u>	<u>97</u>	<u>88,975</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	14,657	7,346		22,003
Public Health Services	3,234			3,234
Leisure Time Activities	17,552			17,552
Community Environment	84			84
Transportation		8,452		8,452
General Government	19,397			19,397
Debt Service:				
Principal Payments	3,733			3,733
Interest Payments	547			547
Capital Outlay	19,797			19,797
Total Cash Disbursements	<u>79,001</u>	<u>15,798</u>		<u>94,799</u>
Total Receipts Over/(Under) Disbursements	<u>(8,380)</u>	<u>2,459</u>	<u>97</u>	<u>(5,824)</u>
Other Financing Receipts/(Disbursements):				
Proceeds From the Sale of Notes	14,000			14,000
Transfers-In		2,783		2,783
Transfers-Out	(2,783)			(2,783)
Total Other Financing Receipts/(Disbursements)	<u>11,217</u>	<u>2,783</u>		<u>14,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,837	5,242	97	8,176
Fund Cash Balances, January 1	<u>67,928</u>	<u>27,299</u>	<u>413</u>	<u>95,640</u>
Fund Cash Balances, December 31	<u>\$70,765</u>	<u>\$32,541</u>	<u>\$510</u>	<u>\$103,816</u>
Reserves for Encumbrances, December 31				

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, 2000 AND 1999**

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 services, 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.

Cops Fast Fund - This fund receives state and federal assistance to fund police department operations.

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Fiduciary Funds (Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds indicated as an agency fund: The Village collected assessments for 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 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. 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 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.

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$102,019</u>	<u>\$103,816</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,083	\$100,877	\$24,794
Special Revenue	23,485	16,674	(6,811)
Fiduciary	12	1	(11)
Total	<u>\$99,580</u>	<u>\$117,552</u>	<u>\$17,972</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,936	\$102,609	\$27,327
Special Revenue	49,950	18,519	31,431
Fiduciary			
Total	<u>\$179,886</u>	<u>\$121,128</u>	<u>\$58,758</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,768	\$84,621	(\$8,147)
Special Revenue	33,305	21,040	(12,265)
Fiduciary	30	97	67
Total	<u>\$126,103</u>	<u>\$105,758</u>	<u>(\$20,345)</u>

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,095	\$81,784	\$23,311
Special Revenue	53,740	15,798	37,942
Fiduciary			
Total	\$158,835	\$97,582	\$61,253

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.

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, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$20,299	8.4 - 9.07%

The General Obligation Notes relates to the purchase of a police car and a tractor mower. The loans will be repaid of \$24,098, including interest, over 4 years, in accordance with the note agreements.

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

Year Ending December 31:	General Obligation Notes
2001	\$7,780
2002	7,781
2003	4,971
2004	3,566
Total	\$24,098

**VILLAGE OF BERKEY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plan. This plan provide 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 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by PERS have an option to choose Social Security or PERS. As of December 31, 2000, two members of the Council and the Clerk have elected Social Security. The Council's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

Village of Berkey
Lucas County
12360 Sylvania Metamora Road
Berkey, Ohio 43504-9705

To the Village Council:

We have audited the accompanying financial statements of the Village of Berkey, Lucas County, Ohio (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 13, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2000-30148-001 and 2000-30148-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 13, 2001.

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 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 Village in a separate letter dated June 13, 2001.

Village of Berkey
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 13, 2001

VILLAGE OF BERKEY
LUCAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30148-001

Noncompliance Citation

Ohio Revised Code §5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

Thirty-two percent of the transactions tested did not contain prior certification by the Treasurer and none of the exceptions provided above were used. We recommend, where possible, the Village certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Village to utilize then and now certificates or blanket certificates.

FINDING NUMBER 2000-30148-002

Finding Repaid Under Audit

For the fiscal year ended December 31, 1999, the Mayors Court did not remit \$1,634 of fine money collected and owed to the State Treasurer, in accordance with Ohio Revised Code §§ 2743.70 and 2949.091.

In accordance with the forgoing facts and in accordance with Ohio Revised Code § 117.28, a Finding for Recovery for public money not accounted for is hereby issued against the Village of Berkey Mayor's Court, the Mayor Barbara Huff, and the Ohio Government Risk Management Plan, the bonding company, jointly and severally, and in favor of the Treasurer of the State of Ohio in the amount of \$1,634.

The Village subsequently paid to the Treasurer of State of Ohio \$1,634, check number 3703, dated April 20, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JULY 24, 2001**