



**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Berne Township  
Fairfield County  
112 North Canal Street  
Sugar Grove, Ohio 43155

To the Board of Trustees:

We have audited the accompanying financial statements of Berne Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 of Berne Township, Fairfield County, Ohio as of December 31, 1999 and December 31, 1998, 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 28, 2000 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.

This report is intended solely for the information and use of management, the Board of Trustees 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, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

July 28, 2000



**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$44,529	\$504,519	\$0	\$549,048
Intergovernmental Receipts	84,441	111,246	176,481	372,168
Charges for Services	0	5,885	0	5,885
Fines, Licenses, and Permits	0	11,097	0	11,097
Earnings on Investments	22,314	7,848	0	30,162
Miscellaneous	6,973	62,156	0	69,129
	<u>158,257</u>	<u>702,751</u>	<u>176,481</u>	<u>1,037,489</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	76,299	0	0	76,299
Public Works	0	555,492	0	555,492
Health	17,052	0	0	17,052
Debt Service:				
Principal Payments	21,569	0	0	21,569
Interest Payments	7,336	0	0	7,336
Capital Outlay	40,718	211,714	176,481	428,913
	<u>162,974</u>	<u>767,206</u>	<u>176,481</u>	<u>1,106,661</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	(4,717)	(64,455)	0	(69,172)
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	0	100,000	100,000
Transfers-Out	0	(100,000)	0	(100,000)
	<u>0</u>	<u>(100,000)</u>	<u>100,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,717)	(164,455)	100,000	(69,172)
Fund Cash Balances, January 1, 1999	174,407	616,885	0	791,292
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$169,690</u></b>	<b><u>\$452,430</u></b>	<b><u>\$100,000</u></b>	<b><u>\$722,120</u></b>

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

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Other Operating Receipts	\$600
Interest Income	176
	<hr/>
Total Operating Cash Receipts	776
	<hr/>
<b>Operating Cash Disbursements:</b>	
Contract Services	776
	<hr/>
Total Operating Cash Disbursements	776
	<hr/>
Operating Receipts Over (Under) Operating Disbursements	0
Fund Cash Balances, January 1, 1999	4,107
	<hr/>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u><u>\$4,107</u></u></b>

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

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$41,678	\$385,217	\$426,895
Intergovernmental Receipts	101,066	110,442	211,508
Charges for Services	0	5,470	5,470
Fines, Licenses, and Permits	0	8,831	8,831
Earnings on Investments	27,979	5,944	33,923
Miscellaneous	12,410	59,244	71,654
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	183,133	575,148	758,281
<b>Cash Disbursements:</b>			
Current:			
General Government	85,935	9,812	95,747
Public Safety	0	120,874	120,874
Public Works	0	242,922	242,922
Health	14,374	0	14,374
Debt Service:			
Principal Payments	16,667	6,167	22,834
Interest Payments	6,860	177	7,037
Capital Outlay	43,292	83,436	126,728
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	167,128	463,388	630,516
Total Cash Receipts Over/(Under) Cash Disbursements	16,005	111,760	127,765
Fund Cash Balances, January 1, 1998	158,402	505,125	663,527
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$174,407</u></b>	<b><u>\$616,885</u></b>	<b><u>\$791,292</u></b>

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

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Other Operating Receipts	\$350
Interest Income	195
	<hr/>
Total Operating Cash Receipts	545
	<hr/>
<b>Operating Cash Disbursements:</b>	
Contract Services	545
	<hr/>
Total Operating Cash Disbursements	545
	<hr/>
Operating Receipts Over (Under) Operating Disbursements	0
	<hr/>
Fund Cash Balances, January 1, 1998	4,107
	<hr/>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u><u>\$4,107</u></u></b>

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

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Berne Township, Fairfield County, Ohio, (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 general governmental services, including road maintenance and repair, cemetery maintenance, zoning, 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**

Certificates of deposits are reported at cost.

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.

**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:

Road and Bridge Fund - This fund receives real estate tax and personal property tax for the construction and maintenance of Township roads.

Fire District Fund - This fund receives real estate tax and personal property tax for providing fire protection and emergency services to the Township.

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. 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 fund:

Capital Fund - This fund receives tax dollars from three fire levies annually to accumulate funds for purchasing fire department equipment and/or a fire house.

**4. Fiduciary Funds (Trust 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:

Cemetery Bequest Funds - These funds consists of bequests from families for the upkeep of cemetery plots.

**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 and 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.

**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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

The Township maintains a cash and investments pool used by all funds except the non-expendable trust funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$722,120	\$791,292
Certificate of Deposits	<u>4,107</u>	<u>4,107</u>
Total Deposits	<u>\$726,227</u>	<u>\$795,399</u>

**Deposits:** 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 ended December 31, 1999 and December 31, 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,500	\$158,257	\$38,757
Special Revenue	523,000	702,751	179,751
Capital Projects	100,000	276,481	176,481
Fiduciary	<u>200</u>	<u>776</u>	<u>576</u>
Total	<u>\$742,700</u>	<u>\$1,138,265</u>	<u>\$395,565</u>

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$293,907	\$162,974	\$130,933
Special Revenue	1,139,885	867,206	272,679
Capital Projects	0	176,481	(176,481)
Fiduciary	4,307	776	3,531
Total	<u>\$1,438,099</u>	<u>\$1,207,437</u>	<u>\$230,662</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,320	\$183,133	\$73,813
Special Revenue	495,900	575,148	79,248
Fiduciary	0	545	545
Total	<u>\$605,220</u>	<u>\$758,826</u>	<u>\$153,606</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$267,721	\$167,128	\$100,593
Special Revenue	1,001,027	463,388	537,639
Fiduciary	4,307	545	3,762
Total	<u>\$1,273,055</u>	<u>\$631,061</u>	<u>\$641,994</u>

**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.

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note for purchase of land	<u>\$66,667</u>	5.07%

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

Year ending December 31	Purchase of Land
2000	\$14,414
2001	13,824
2002	13,253
2003	12,681
2004	12,117
Subsequent	<u>11,539</u>
Total	<u><u>\$77,828</u></u>

**6. LEASE**

The Township leased (with option to buy) a dump truck in February 1999 at an interest rate of 6.14%. Total obligation as of December 31 for this lease amounts to \$48,775 plus interest.

**BERNE TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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. PERS members are required to contributed 8.5% of their gross salaries. The Township is required to contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Berne Township  
Fairfield County  
112 North Canal Street  
Sugar Grove, Ohio 43155

To the Board of Trustees:

We have audited the accompanying financial statements of Berne Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 28, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 matter 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 July 28, 2000.

This report is intended for the information and use of 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, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

July 28, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**BERNE TOWNSHIP**

**FAIRFIELD 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  
SEPTEMBER 26, 2000**