



Mary Taylor, CPA
Auditor of State

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

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**BERNE TOWNSHIP
FAIRFIELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 the governmental activities, each major fund, and the aggregate remaining fund information of Berne Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Berne Township, Fairfield County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire District, and Road Outside funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2008 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 14, 2008

BERNE TOWNSHIP, FAIRFIELD COUNTY

Statement of Net Assets - Cash Basis

December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,403,176.54
<i>Total Assets</i>	<u>1,403,176.54</u>
Net Assets	
Restricted for:	
Other Purposes	1,039,029.33
Unrestricted	364,147.21
<i>Total Net Assets</i>	<u>\$1,403,176.54</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Total
Governmental Activities					
General Government	\$174,951.86	\$4,849.78	\$0.00	\$0.00	(\$170,102.08)
Public Safety	145,372.12	0.00	0.00	0.00	(145,372.12)
Public Works	287,898.56	0.00	134,200.22	35,000.00	(118,698.34)
Health	25,567.00	300.00	0.00	0.00	(25,267.00)
Other	0.00	0.00	0.00	0.00	0.00
Capital Outlay	26,626.80	0.00	0.00	0.00	(26,626.80)
<i>Total Governmental Activities</i>	<u>\$660,416.34</u>	<u>\$5,149.78</u>	<u>\$134,200.22</u>	<u>\$35,000.00</u>	<u>(486,066.34)</u>
General Receipts					
Property Taxes					
General Purposes					43,290.02
Special Purposes					520,285.74
Grants and Entitlements not Restricted to Specific Programs					173,298.59
Sale of Fixed Assets					15,000.00
Cable Franchise Fees					7,291.74
Earnings on Investments					38,317.37
Miscellaneous					22,640.14
					<u>820,123.60</u>
Total General Receipts					<u>820,123.60</u>
Change in Net Assets					334,057.26
<i>Net Assets Beginning of Year</i>					<u>1,069,119.28</u>
<i>Net Assets End of Year</i>					<u>\$1,403,176.54</u>

See accompanying notes to the basic financial statements

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BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT
Assets				
Equity in Pooled Cash and Cash Equivalents	\$199,718.21	\$162,864.75	\$161,579.00	\$496,699.03
<i>Total Assets</i>	<u>199,718.21</u>	<u>162,864.75</u>	<u>161,579.00</u>	<u>496,699.03</u>
Fund Balances				
Unreserved:				
Designated, Reported in:				
Capital Projects Fund	0.00	0.00	0.00	0.00
Undesignated (Deficit), Reported in:				
General Fund	199,718.21	0.00	0.00	0.00
Special Revenue Funds	0.00	162,864.75	161,579.00	496,699.03
<i>Total Fund Balances</i>	<u>\$199,718.21</u>	<u>\$162,864.75</u>	<u>\$161,579.00</u>	<u>\$496,699.03</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007
(Continued)

	ROAD OUTSIDE	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$131,370.07	\$164,429.00	\$86,516.48	\$1,403,176.54
<i>Total Assets</i>	<u>131,370.07</u>	<u>164,429.00</u>	<u>86,516.48</u>	<u>1,403,176.54</u>
Fund Balances				
Unreserved:				
Designated, Reported in:				
Capital Projects Fund	0.00	164,429.00	0.00	164,429.00
Undesignated (Deficit), Reported in:				
General Fund	0.00	0.00	0.00	199,718.21
Special Revenue Funds	131,370.07	0.00	86,516.48	1,039,029.33
<i>Total Fund Balances</i>	<u>\$131,370.07</u>	<u>\$164,429.00</u>	<u>\$86,516.48</u>	<u>\$1,403,176.54</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD OUTSIDE	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts								
Property and Other Local Taxes	\$43,290.02	\$0.00	\$164,223.80	\$263,213.86	\$91,514.72	\$0.00	\$1,333.36	\$563,575.76
Licenses, Permits and Fees	7,291.74	0.00	0.00	0.00	0.00	0.00	4,849.78	12,141.52
Intergovernmental	125,167.47	95,146.13	16,737.36	24,880.17	6,513.59	0.00	39,054.09	307,498.81
Earnings on Investments	34,034.27	3,369.13	0.00	0.00	0.00	0.00	913.97	38,317.37
Miscellaneous	1,561.19	0.00	1,960.09	16,336.13	36,582.70	0.00	1,500.03	57,940.14
Total Receipts	211,344.69	98,515.26	182,921.25	304,430.16	134,611.01	0.00	47,651.23	979,473.60
Disbursements								
Current:								
General Government	158,770.63	0.00	0.00	10,514.64	0.00	0.00	5,666.59	174,951.86
Public Safety	0.00	0.00	0.00	145,372.12	0.00	0.00	0.00	145,372.12
Public Works	0.00	42,230.74	126,947.47	0.00	116,450.80	0.00	2,269.55	287,898.56
Health	25,567.00	0.00	0.00	0.00	0.00	0.00	0.00	25,567.00
Capital Outlay	0.00	0.00	24,226.80	0.00	0.00	0.00	2,400.00	26,626.80
Total Disbursements	184,337.63	42,230.74	151,174.27	155,886.76	116,450.80	0.00	10,336.14	660,416.34
Excess of Receipts Over (Under) Disbursements	27,007.06	56,284.52	31,746.98	148,543.40	18,160.21	0.00	37,315.09	319,057.26
Other Financing Sources (Uses)								
Sale of Fixed Assets	15,000.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00
Transfers In	0.00	0.00	0.00	0.00	0.00	75,000.00	0.00	75,000.00
Transfers Out	0.00	0.00	0.00	(75,000.00)	0.00	0.00	0.00	(75,000.00)
Total Other Financing Sources (Uses)	15,000.00	0.00	0.00	(75,000.00)	0.00	75,000.00	0.00	15,000.00
Net Change in Fund Balances	42,007.06	56,284.52	31,746.98	73,543.40	18,160.21	75,000.00	37,315.09	334,057.26
Fund Balances Beginning of Year	157,711.15	106,580.23	129,832.02	423,155.63	113,209.86	89,429.00	49,201.39	1,069,119.28
Fund Balances End of Year	\$199,718.21	\$162,864.75	\$161,579.00	\$496,699.03	\$131,370.07	\$164,429.00	\$86,516.48	\$1,403,176.54

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$36,900.00	\$36,900.00	\$43,290.02	\$6,390.02
Licenses, Permits and Fees	7,995.00	7,994.20	7,291.74	(702.46)
Intergovernmental	65,653.00	65,653.00	125,167.47	59,514.47
Earnings on Investments	24,000.00	24,000.00	34,034.27	10,034.27
Miscellaneous	7,906.00	7,905.80	1,561.19	(6,344.61)
<i>Total receipts</i>	<u>142,454.00</u>	<u>142,453.00</u>	<u>211,344.69</u>	<u>68,891.69</u>
Disbursements				
Current:				
General Government	216,797.00	216,797.00	158,770.63	58,026.37
Health	33,618.50	33,618.50	25,567.00	8,051.50
<i>Total Disbursements</i>	<u>250,415.50</u>	<u>250,415.50</u>	<u>184,337.63</u>	<u>66,077.87</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(107,961.50)</u>	<u>(107,962.50)</u>	<u>27,007.06</u>	<u>134,969.56</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0.00	0.00	15,000.00	15,000.00
Other Financing Uses	(1,466.52)	(1,466.52)	0.00	1,466.52
<i>Total Other Financing Sources (Uses)</i>	<u>(1,466.52)</u>	<u>(1,466.52)</u>	<u>15,000.00</u>	<u>16,466.52</u>
<i>Net Change in Fund Balance</i>	(109,428.02)	(109,429.02)	42,007.06	151,436.08
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>157,711.15</u>	<u>157,711.15</u>	<u>157,711.15</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$48,283.13</u>	<u>\$48,282.13</u>	<u>199,718.21</u>	<u>\$151,436.08</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$93,000.00	\$93,000.00	\$95,146.13	\$2,146.13
Earnings on Investments	1,500.00	1,500.00	3,369.13	1,869.13
<i>Total receipts</i>	94,500.00	94,500.00	98,515.26	4,015.26
Disbursements				
Current:				
Public Works	125,000.00	125,000.00	42,230.74	82,769.26
Capital Outlay	30,000.00	30,000.00	0.00	30,000.00
<i>Total Disbursements</i>	155,000.00	155,000.00	42,230.74	112,769.26
<i>Net Change in Fund Balance</i>	(60,500.00)	(60,500.00)	56,284.52	116,784.52
<i>Unencumbered Cash Balance Beginning of Year</i>	106,580.23	106,580.23	106,580.23	0.00
<i>Unencumbered Cash Balance End of Year</i>	\$46,080.23	\$46,080.23	162,864.75	\$116,784.52

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$153,800.00	\$153,800.00	\$164,223.80	\$10,423.80
Intergovernmental	22,100.00	22,100.00	16,737.36	(5,362.64)
Miscellaneous	400.00	400.00	1,960.09	1,560.09
<i>Total receipts</i>	<u>176,300.00</u>	<u>176,300.00</u>	<u>182,921.25</u>	<u>6,621.25</u>
Disbursements				
Current:				
Public Works	216,650.00	216,650.00	126,947.47	89,702.53
Capital Outlay	25,000.00	25,000.00	24,226.80	773.20
<i>Total Disbursements</i>	<u>241,650.00</u>	<u>241,650.00</u>	<u>151,174.27</u>	<u>90,475.73</u>
<i>Net Change in Fund Balance</i>	(65,350.00)	(65,350.00)	31,746.98	97,096.98
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>129,832.02</u>	<u>129,832.02</u>	<u>129,832.02</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$64,482.02</u>	<u>\$64,482.02</u>	<u>\$161,579.00</u>	<u>\$97,096.98</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$247,300.00	\$247,300.00	\$263,213.86	\$15,913.86
Intergovernmental	35,800.00	35,800.00	24,880.17	(10,919.83)
Miscellaneous	1,700.00	1,700.00	16,336.13	14,636.13
<i>Total receipts</i>	<u>284,800.00</u>	<u>284,800.00</u>	<u>304,430.16</u>	<u>19,630.16</u>
Disbursements				
Current:				
General Government	21,300.00	21,300.00	10,514.64	10,785.36
Public Safety	398,300.00	398,300.00	145,372.12	252,927.88
<i>Total Disbursements</i>	<u>419,600.00</u>	<u>419,600.00</u>	<u>155,886.76</u>	<u>263,713.24</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(134,800.00)</u>	<u>(134,800.00)</u>	<u>148,543.40</u>	<u>283,343.40</u>
Other Financing (Uses)				
Transfers Out	(75,000.00)	(75,000.00)	(75,000.00)	0.00
<i>Total Other Financing (Uses)</i>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(209,800.00)	(209,800.00)	73,543.40	283,343.40
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>423,155.63</u>	<u>423,155.63</u>	<u>423,155.63</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$213,355.63</u>	<u>\$213,355.63</u>	<u>\$496,699.03</u>	<u>\$283,343.40</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road Outside Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$82,600.00	\$82,600.00	\$91,514.72	\$8,914.72
Intergovernmental	12,400.00	12,400.00	6,513.59	(5,886.41)
Miscellaneous	2,200.00	2,200.00	36,582.70	34,382.70
<i>Total receipts</i>	97,200.00	97,200.00	134,611.01	37,411.01
Disbursements				
Current:				
Public Works	179,000.00	179,000.00	116,450.80	62,549.20
<i>Total Disbursements</i>	179,000.00	179,000.00	116,450.80	62,549.20
<i>Net Change in Fund Balance</i>	(81,800.00)	(81,800.00)	18,160.21	99,960.21
<i>Unencumbered Cash Balance Beginning of Year</i>	113,209.86	113,209.86	113,209.86	0.00
<i>Unencumbered Cash Balance End of Year</i>	\$31,409.86	\$31,409.86	\$131,370.07	\$99,960.21

See accompanying notes to the basic financial statements

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BERNE TOWNSHIP, FAIRFIELD COUNTY

Statement of Net Assets- Cash Basis

December 31, 2006

	Governmental Activities
Assets	
Cash	\$1,069,119.28
<i>Total Assets</i>	<u>\$1,069,119.28</u>
Net Assets	
Restricted for:	
Other Purposes	821,979.13
Unrestricted	247,140.15
<i>Total Net Assets</i>	<u>\$1,069,119.28</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2006*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$193,190.06	\$4,345.55	\$0.00	\$0.00	(\$188,844.51)
Public Safety	162,684.78	0.00	0.00	0.00	(162,684.78)
Public Works	398,163.31	0.00	131,411.53	55,000.00	(211,751.78)
Health	26,946.36	0.00	0.00	0.00	(26,946.36)
Capital Outlay	3,637.00	0.00	0.00	0.00	(3,637.00)
<i>Total Governmental Activities</i>	<u>\$784,621.51</u>	<u>\$4,345.55</u>	<u>\$131,411.53</u>	<u>\$55,000.00</u>	<u>(593,864.43)</u>
General Receipts					
Property Taxes					559,807.27
Grants and Entitlements not Restricted to Specific Programs					129,594.08
Earnings on Investments					36,607.67
Miscellaneous					28,885.91
Total General Receipts					<u>754,894.93</u>
Change in Net Assets					161,030.50
<i>Net Assets Beginning of Year</i>					<u>908,088.78</u>
<i>Net Assets End of Year</i>					<u>\$1,069,119.28</u>

See accompanying notes to the basic financial statements

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BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>GENERAL</u>	<u>GASOLINE TAX</u>	<u>ROAD AND BRIDGE</u>	<u>FIRE DISTRICT</u>
Assets				
Cash	\$157,711.15	\$106,580.23	\$129,832.02	\$423,155.63
<i>Total Assets</i>	<u>157,711.15</u>	<u>106,580.23</u>	<u>129,832.02</u>	<u>423,155.63</u>
Fund Balances				
Unreserved:				
Designated, Reported in:				
Capital Projects Fund	0.00	0.00	0.00	0.00
Undesignated (Deficit), Reported in:				
General Fund	157,711.15	0.00	0.00	0.00
Special Revenue Funds	0.00	106,580.23	129,832.02	423,155.63
<i>Total Fund Balances</i>	<u>\$157,711.15</u>	<u>\$106,580.23</u>	<u>\$129,832.02</u>	<u>\$423,155.63</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006
(Continued)

	<u>ROAD OUTSIDE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets			
Cash	\$113,209.86	\$138,630.39	\$1,069,119.28
<i>Total Assets</i>	<u>113,209.86</u>	<u>138,630.39</u>	<u>1,069,119.28</u>
Fund Balances			
Unreserved:			
Designated, Reported in:			
Capital Projects Fund	0.00	89,429.00	89,429.00
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	0.00	0.00	157,711.15
Special Revenue Funds	113,209.86	49,201.39	821,979.13
<i>Total Fund Balances</i>	<u>\$113,209.86</u>	<u>\$138,630.39</u>	<u>\$1,069,119.28</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD OUTSIDE	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$38,875.33	\$0.00	\$164,135.60	\$263,533.04	\$92,263.28	\$1,000.02	\$559,807.27
Intergovernmental	87,569.48	92,125.37	15,184.89	21,887.78	4,951.93	39,286.16	261,005.61
Earnings on Investments	33,048.23	2,694.53	0.00	0.00	0.00	864.91	36,607.67
Miscellaneous	9,680.59	0.00	5,857.69	9,617.63	58,480.00	250.00	83,885.91
Total Receipts	<u>169,173.63</u>	<u>94,819.90</u>	<u>185,178.18</u>	<u>295,038.45</u>	<u>155,695.21</u>	<u>45,746.64</u>	<u>945,652.01</u>
Disbursements							
Current:							
General Government	148,226.22	28,086.51	0.00	10,723.98	0.00	6,153.35	193,190.06
Public Safety	0.00	0.00	0.00	162,684.78	0.00	0.00	162,684.78
Public Works	0.00	52,912.20	158,071.41	0.00	181,171.25	6,008.45	398,163.31
Health	26,946.36	0.00	0.00	0.00	0.00	0.00	26,946.36
Capital Outlay	0.00	0.00	0.00	0.00	0.00	3,637.00	3,637.00
Total Disbursements	<u>175,172.58</u>	<u>80,998.71</u>	<u>158,071.41</u>	<u>173,408.76</u>	<u>181,171.25</u>	<u>15,798.80</u>	<u>784,621.51</u>
Excess of Receipts Over (Under) Disbursements	<u>(5,998.95)</u>	<u>13,821.19</u>	<u>27,106.77</u>	<u>121,629.69</u>	<u>(25,476.04)</u>	<u>29,947.84</u>	<u>161,030.50</u>
Other Financing Sources (Uses)							
Transfers In	0.00	0.00	0.00	0.00	0.00	75,000.00	75,000.00
Transfers Out	0.00	0.00	0.00	(75,000.00)	0.00	0.00	(75,000.00)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(75,000.00)</u>	<u>0.00</u>	<u>75,000.00</u>	<u>0.00</u>
Net Change in Fund Balances	<u>(5,998.95)</u>	<u>13,821.19</u>	<u>27,106.77</u>	<u>46,629.69</u>	<u>(25,476.04)</u>	<u>104,947.84</u>	<u>161,030.50</u>
Fund Balances Beginning of Year	<u>163,710.10</u>	<u>92,759.04</u>	<u>102,725.25</u>	<u>376,525.94</u>	<u>138,685.90</u>	<u>33,682.55</u>	<u>908,088.78</u>
Fund Balances End of Year	<u><u>\$157,711.15</u></u>	<u><u>\$106,580.23</u></u>	<u><u>\$129,832.02</u></u>	<u><u>\$423,155.63</u></u>	<u><u>\$113,209.86</u></u>	<u><u>\$138,630.39</u></u>	<u><u>\$1,069,119.28</u></u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$37,000.00	\$37,000.00	\$38,875.33	\$1,875.33
Intergovernmental	66,245.00	66,245.00	87,569.48	21,324.48
Earnings on Investments	12,000.00	12,000.00	33,048.23	21,048.23
Miscellaneous	11,785.00	11,785.00	9,680.59	(2,104.41)
<i>Total receipts</i>	<u>127,030.00</u>	<u>127,030.00</u>	<u>169,173.63</u>	<u>42,143.63</u>
Disbursements				
Current:				
General Government	187,467.00	186,667.00	146,759.70	39,907.30
Health	34,158.50	34,958.50	26,946.36	8,012.14
<i>Total Disbursements</i>	<u>221,625.50</u>	<u>221,625.50</u>	<u>173,706.06</u>	<u>47,919.44</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(94,595.50)</u>	<u>(94,595.50)</u>	<u>(4,532.43)</u>	<u>90,063.07</u>
Other Financing (Uses)				
Other Financing Uses	0.00	(1,466.52)	(1,466.52)	0.00
<i>Total Other Financing (Uses)</i>	<u>0.00</u>	<u>(1,466.52)</u>	<u>(1,466.52)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(94,595.50)	(96,062.02)	(5,998.95)	90,063.07
<i>Fund Balance Beginning of Year</i>	<u>163,710.10</u>	<u>163,710.10</u>	<u>163,710.10</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$69,114.60</u>	<u>\$67,648.08</u>	<u>\$157,711.15</u>	<u>\$90,063.07</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$79,010.00	\$79,010.00	\$92,125.37	\$13,115.37
Earnings on Investments	1,200.00	1,200.00	2,694.53	1,494.53
<i>Total receipts</i>	<u>80,210.00</u>	<u>80,210.00</u>	<u>94,819.90</u>	<u>14,609.90</u>
Disbursements				
Current:				
General Government	33,475.00	33,475.00	28,086.51	5,388.49
Public Works	114,000.00	114,000.00	52,912.20	61,087.80
<i>Total Disbursements</i>	<u>147,475.00</u>	<u>147,475.00</u>	<u>80,998.71</u>	<u>66,476.29</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,265.00)</u>	<u>(67,265.00)</u>	<u>13,821.19</u>	<u>81,086.19</u>
<i>Net Change in Fund Balance</i>	(67,265.00)	(67,265.00)	13,821.19	81,086.19
<i>Fund Balance Beginning of Year</i>	<u>92,759.04</u>	<u>92,759.04</u>	<u>92,759.04</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u><u>\$25,494.04</u></u>	<u><u>\$25,494.04</u></u>	<u><u>\$106,580.23</u></u>	<u><u>\$81,086.19</u></u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$153,000.00	\$153,000.00	\$164,135.60	\$11,135.60
Intergovernmental	15,500.00	15,500.00	15,184.89	(315.11)
Miscellaneous	1,000.00	1,000.00	5,857.69	4,857.69
<i>Total receipts</i>	<u>169,500.00</u>	<u>169,500.00</u>	<u>185,178.18</u>	<u>15,678.18</u>
Disbursements				
Current:				
Public Works	<u>268,000.00</u>	<u>268,000.00</u>	<u>158,071.41</u>	<u>109,928.59</u>
<i>Total Disbursements</i>	<u>268,000.00</u>	<u>268,000.00</u>	<u>158,071.41</u>	<u>109,928.59</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(98,500.00)</u>	<u>(98,500.00)</u>	<u>27,106.77</u>	<u>125,606.77</u>
<i>Net Change in Fund Balance</i>	(98,500.00)	(98,500.00)	27,106.77	125,606.77
<i>Fund Balance Beginning of Year</i>	<u>102,725.25</u>	<u>102,725.25</u>	<u>102,725.25</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,225.25</u></u>	<u><u>\$4,225.25</u></u>	<u><u>\$129,832.02</u></u>	<u><u>\$125,606.77</u></u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$240,300.00	\$240,300.00	\$263,533.04	\$23,233.04
Intergovernmental	22,000.00	22,000.00	21,887.78	(112.22)
Miscellaneous	6,000.00	6,000.00	9,617.63	3,617.63
<i>Total receipts</i>	<u>268,300.00</u>	<u>268,300.00</u>	<u>295,038.45</u>	<u>26,738.45</u>
Disbursements				
Current:				
General Government	19,300.00	19,300.00	10,723.98	8,576.02
Public Safety	477,100.00	477,100.00	162,684.78	314,415.22
<i>Total Disbursements</i>	<u>496,400.00</u>	<u>496,400.00</u>	<u>173,408.76</u>	<u>322,991.24</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(228,100.00)</u>	<u>(228,100.00)</u>	<u>121,629.69</u>	<u>349,729.69</u>
Other Financing (Uses)				
Transfers Out	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>0.00</u>
<i>Total Other Financing (Uses)</i>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>(75,000.00)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(303,100.00)	(303,100.00)	46,629.69	349,729.69
<i>Fund Balance Beginning of Year</i>	<u>376,525.94</u>	<u>376,525.94</u>	<u>376,525.94</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$73,425.94</u>	<u>\$73,425.94</u>	<u>\$423,155.63</u>	<u>\$349,729.69</u>

See accompanying notes to the basic financial statements

BERNE TOWNSHIP, FAIRFIELD COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road Outside Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$82,200.00	\$82,200.00	\$92,263.28	\$10,063.28
Intergovernmental	5,000.00	5,000.00	4,951.93	(48.07)
Miscellaneous	3,280.00	58,280.00	58,480.00	200.00
<i>Total receipts</i>	<u>90,480.00</u>	<u>145,480.00</u>	<u>155,695.21</u>	<u>10,215.21</u>
Disbursements				
Current:				
Public Works	179,000.00	234,000.00	181,171.25	52,828.75
<i>Total Disbursements</i>	<u>179,000.00</u>	<u>234,000.00</u>	<u>181,171.25</u>	<u>52,828.75</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,520.00)</u>	<u>(88,520.00)</u>	<u>(25,476.04)</u>	<u>63,043.96</u>
<i>Net Change in Fund Balance</i>	(88,520.00)	(88,520.00)	(25,476.04)	63,043.96
<i>Fund Balance Beginning of Year</i>	<u>138,685.90</u>	<u>138,685.90</u>	<u>138,685.90</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$50,165.90</u>	<u>\$50,165.90</u>	<u>\$113,209.86</u>	<u>\$63,043.96</u>

See accompanying notes to the basic financial statements

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**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Note 1 – Reporting Entity

Berne Township, Fairfield County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township has a volunteer fire department for fire protection. Police protection is provided by the local county sheriff's department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest. The Township participates in the Fairfield Regional Planning Commission, a forty-eight member board.

D. Public Entity Risk Pool

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. Note 6 to the basic financial statements provides information on this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the Governmental Statement of Activities. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions to meet the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During 2007 and 2006, the Township segregated transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Township only has governmental funds.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Major Governmental Funds for 2007 are the General, Gasoline Tax, Road and Bridge, Fire District, Road Outside, and the Capital Improvements Funds. The Major Governmental Funds for 2006 are the General, Gasoline Tax, Road and Bridge, Fire District, and the Road Outside Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax, Road and Bridge and Road Outside Fund balances are available to the Township for the purpose of maintaining the Township's roads and bridges. The Fire District Fund balance is utilized for the Township to contract and provide for fire protection for Township residents.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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 negative receipts, respectively.

During 2007 and 2006, the Township invested in a money market fund. The Township's money market fund investment is recorded at the amount reported by First Bremen Bank on December 31, 2007 and 2006, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 was \$34,034.27 and \$33,048.23, respectively. \$4,283.10 and \$3,559.44 of interest was assigned to other funds in 2007 and 2006 respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets at December 31, 2007 and 2006.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for specific purposes. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. No fund balance reserves existed at December 31, 2007 and 2006, respectively.

M. Interfund Transactions

Transfers between governmental activities on the eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Road Outside Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 4 – Deposits and Investments (Continued)

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 4 – Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and 2006, \$1,323,626.45 of the Township's bank balance of \$1,423,626.45 and \$998,453.62 of the Township's bank balance of \$1,098,453.62, respectively was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes, and real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 5 – Property Taxes (Continued)

	FY07	FY06
Real Property		
Residential	\$54,072,540	\$53,342,970
Agricultural	17,324,280	17,048,960
Commercial/Industrial/Mineral	5,989,090	6,162,000
Tangible Personal Property		
Business	1,399,755	2,469,878
Public Utility	51,790	37,840
Public Utility	22,914,550	22,684,430
Total Assessed Value	<u>\$101,752,005</u>	<u>\$101,746,078</u>

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding

\$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 6 – Risk Management (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 and 2007 was \$1,901,127 and \$2,104,548 respectively.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$26,886. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$14,301
2006	19,399
2005	18,473

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 6 – Risk Management (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 and 9.0 percent respectively of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$44,828, \$42,118, and \$38,234 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30, 2007. From July 1 through December 31, 2007, 6 percent of covered payroll was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$5,147. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Interfund Transfers

During 2007 and 2006 the following transfers were made:

	<u>2007</u>
Transfers from the Fire District Fund to:	
Capital Improvement Fund	<u>\$75,000</u>
Total Transfers from the Fire District Fund	<u>\$75,000</u>
	<u>2006</u>
Transfers from the Fire District Fund to:	
Other Governmental Funds Fund	<u>\$75,000</u>
Total Transfers from the Fire District Fund	<u>\$75,000</u>

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (CONTINUED)**

Note 9 – Interfund Transfers (Continued)

Transfers from the Fire District Fund in 2007 and 2006 represent receipts allocated for the future purchase of fire department equipment.

Note 10 – Jointly Governed Organization

Fairfield Regional Planning Commission - The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the township. There is no ongoing financial interest of responsibility by the Township.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berne Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 14, 2008, wherein we noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, the significant deficiency described above, we believe is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 14, 2008.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 14, 2008

**BERNE TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDING NUMBER 2007-001

Significant Deficiency and Material Weakness

Financial Statement Presentation

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The Fiscal Officer did not always accurately post receipts to the Township's accounting system. The following posting errors were noted:

Errors noted on the *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*:

- In 2007 and 2006 tax settlements/reimbursements(\$1,000 – FY 2006 and \$1,333 – FY 2007) were incorrectly recorded as miscellaneous receipts.
- In FY 2007, the sale of a Tar Distributor and Chipper (\$15,000) were recorded as miscellaneous receipts.
- In FY 2006, \$1,466.52 of Governmental Expenditures were recorded as Other Financing Uses.

Errors noted on the *Statement of Cash Basis Assets and Fund Balances*:

- Cash, in the amount of \$711,662.39, was inadvertently recorded as investments in FY 2006.
- In FY 2007 and 2006, Capital Project funds that should have been designated were recorded as Undesignated, in the amount of \$164,429 and \$89,429 respectively.

Errors noted on the *Statement of Activities – Cash Basis*:

- Capital Grants and Contributions, in the amount of \$35,000 and \$55,000 respectively, for FY 2007 and 2006 were recorded as Contributions to a Permanent Fund.
- Charges for Services were expensed against "Other" instead of the General Government function.

Not posting revenues accurately to the ledgers resulted in the financial statements requiring numerous audit reclassification entries. The financial statements have been adjusted to reflect the reclassifications noted above.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of daily transactions to the accounting records and subsequent posting to the financial statements. Cash receipts should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network receipt line item descriptions. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of financial data throughout the year. In addition, the Township should develop a financial statement review process to ensure the proper reporting and disclosure of the Township's activity.

Officials' Response:

We did not receive an Official response to this finding.



Mary Taylor, CPA
Auditor of State

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
AUGUST 12, 2008**