



**Auditor of State
Betty Montgomery**

DEERFIELD TOWNSHIP
ROSS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Deerfield Township
Ross County
PO Box 177
Clarksburg, Ohio 43115

To the Board of Trustees:

We have audited the accompanying financial statements of Deerfield Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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 combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 10, 2004

**DEERFIELD TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:						
Local Taxes	\$10,179	\$50,537	\$5,796	\$0	\$0	\$66,512
Intergovernmental	46,425	88,317	0	18,750	0	153,492
Licenses, Permits, and Fees	\$0	5,275	0	0	0	5,275
Earnings on Investments	2,096	833	0	0	158	3,087
Other Revenue	1,320	3,500	0	0	0	4,820
Total Cash Receipts	<u>60,020</u>	<u>148,462</u>	<u>5,796</u>	<u>18,750</u>	<u>158</u>	<u>233,186</u>
Cash Disbursements:						
Current:						
General Government	69,828	2,001	0	0	0	71,829
Public Safety	0	24,998	0	0	0	24,998
Public Works	0	117,619	0	18,750	0	136,369
Health	1,854	19,634	0	0	0	21,488
Debt Service:						
Redemption of Principal	0	0	4,674	0	0	
Interest and Fiscal Charges	0	0	1,122	0	0	
Capital Outlay	12,881	1,995	0	0	0	14,876
Total Cash Disbursements	<u>84,563</u>	<u>166,247</u>	<u>5,796</u>	<u>18,750</u>	<u>0</u>	<u>275,356</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(24,543)	(17,785)	0	0	158	(42,170)
Fund Cash Balances, January 1	60,996	318,641	0	0	10,363	390,000
Fund Cash Balances, December 31	<u>\$36,453</u>	<u>\$300,856</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,521</u>	<u>\$347,830</u>
Reserves for Encumbrances, December 31	<u>\$485</u>	<u>\$5,546</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,031</u>

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

DEERFIELD TOWNSHIP
ROSS COUNTY

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$9,961	\$49,034	\$6,076	\$0	\$65,071
Intergovernmental	45,443	78,740	0	0	\$124,183
Licenses, Permits, and Fees	0	7,850	0	0	\$7,850
Earnings on Investments	2,704	1,243	0	203	\$4,150
Other Revenue	5,105	7,410	0	0	\$12,515
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	63,213	144,277	6,076	203	213,769
Cash Disbursements:					
Current:					
General Government	76,480	1,720	0	0	78,200
Public Safety	0	16,755	0	0	16,755
Public Works	0	87,120	0	0	87,120
Health	2,654	18,216	0	0	20,870
Debt Service:					
Redemption of Principal	0	0	4,674	0	4,674
Interest and Fiscal Charges	0	0	1,402	0	1,402
Capital Outlay	2,314	500	0	0	2,814
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	81,448	124,311	6,076	0	211,835
Total Cash Receipts Over/(Under) Cash Disbursements	(18,235)	19,966	0	203	1,934
Fund Cash Balances, January 1	79,231	298,675	0	10,160	388,066
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$60,996</u>	<u>\$318,641</u>	<u>\$0</u>	<u>\$10,363</u>	<u>\$390,000</u>
Reserves for Encumbrances, December 31	<u>\$412</u>	<u>\$5,141</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,553</u>

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

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Deerfield Township, Ross 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

Certificates of deposit, US Treasury Notes and common stock are valued at cost or fair value when donated.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 Fund:

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives tax money for the payment of a note used to purchase a fire department tanker truck.

4. Capital Projects Fund

This fund is 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:

Issue II Fund – This fund is used to record on-behalf payments received from the County to construct and repair Township roads.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Cemetery Bequest – This fund receives money to be held in a non-expendable trust by the Township with earnings being used for upkeep and/or improvements to the cemeteries in the Township.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$344,305	\$386,475
Certificates of deposit	2,425	2,425
Total deposits	346,730	388,900
U.S. Treasury Notes	500	500
Bank Stocks	600	600
Total investments	1,100	1,100
Total deposits and investments	\$347,830	\$390,000

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: U.S. Savings Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as the owner of these securities. The fair value of these investments is the carrying value reported. At maturity the Township will receive the carrying amount (the face amount). Bank Stocks are investments in equity of the issuing bank. The stocks are not available on the open market, or tradable to other investors. The Township will receive their proportional share of the equity's value at the time of sale.

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,842	\$60,020	\$178
Special Revenue	147,748	148,462	714
Debt Service	5,796	5,796	0
Capital Projects	0	18,750	18,750
Nonexpendable Trust	158	158	0
Total	<u>\$213,544</u>	<u>\$233,186</u>	<u>\$19,642</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,362	\$85,048	\$35,314
Special Revenue	375,616	171,793	203,823
Debt Service	5,796	5,796	0
Capital Projects	0	18,750	(18,750)
Nonexpendable Trust	5,695	0	5,695
Total	<u>\$507,469</u>	<u>\$281,387</u>	<u>\$226,082</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,032	\$63,213	\$181
Special Revenue	143,825	144,277	452
Debt Service	6,076	6,076	0
Nonexpendable Trust	237	203	(34)
Total	<u>\$213,170</u>	<u>\$213,769</u>	<u>\$599</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,550	\$81,860	\$59,690
Special Revenue	\$386,775	\$129,452	\$257,323
Debt Service	6,076	6,076	0
Nonexpendable Trust	5,695	0	5,695
Total	<u>\$540,096</u>	<u>\$217,388</u>	<u>\$322,708</u>

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$14,022	6%

The general obligation notes were issued to finance the purchase of a new tanker truck to be used for Township fire protection.

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

	General Obligation Notes
Year ending December 31:	
2004	\$5,518
2005	5,235
2006	4,954
Total	\$15,707

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**DEERFIELD TOWNSHIP
ROSS COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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

Deerfield Township
Ross County
P.O. Box 177
Clarksburg, Ohio 43115

To the Board of Trustees:

We have audited the accompanying financial statements of Deerfield Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31 2002, and have issued our report thereon dated August 10, 2004, wherein we noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated August 10, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 August 10, 2004.

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Deerfield Township
Ross County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 10, 2004



**Auditor of State
Betty Montgomery**

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DEERFIELD TOWNSHIP

ROSS 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 14, 2004**