



Mary Taylor, CPA  
Auditor of State



**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Deerfield Regional Storm Water District  
Warren County  
3378 Townsley Drive  
Loveland, Ohio 45140-1045

To the Board of Trustees:

We have audited the accompanying financial statements of the business type activities of Deerfield Regional Storm Water District, Warren County, Ohio (the District), as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the business type activities of Deerfield Regional Storm Water District, Warren County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in cash financial position thereof for the year then ended in conformity with the basis of accounting Note B describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2007, on our consideration of the District'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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

April 26, 2007

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Unaudited)**

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This discussion and analysis, along with the accompanying financial reports, of Deerfield Regional Storm Water District (DRSWD or "the District") is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

**FINANCIAL HIGHLIGHTS**

The District's net cash assets increased by \$14,851 in 2005 and \$21,979 in 2004.

The District had no operating cash receipts in 2005 or 2004. Operating cash disbursements increased by \$109,717 from 2004 to 2005. Non-operating cash receipts increased by \$102,589 from 2004 to 2005.

**OVERVIEW OF BASIC FINANCIAL STATEMENTS**

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Statements of Net Assets-Cash Basis and the Statements of Cash Receipts, Disbursements and Changes in Net Assets-Cash Basis provide information on the District's cash basis operations over the past two years and the success of recovering all its costs through user fees, charges, and other income. Revenues (receipts) are reported when received in cash and expenses (disbursements) are reported when paid.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the basic financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Unaudited)**

**STATEMENTS OF NET ASSETS-CASH BASIS**

Table 1 summarizes the Statements of Net Assets of the District.

<b>TABLE 1</b>	<b>2005</b>	<b>2004</b>	<b>Change Amount</b>
Cash and Cash Equivalents	\$36,830	\$21,979	\$14,851
<b>Total Assets</b>	<u>\$36,830</u>	<u>\$21,979</u>	<u>\$14,851</u>
Net Assets -			
Unrestricted	\$36,830	\$21,979	\$14,851
<b>Total Net Assets</b>	<u>\$36,830</u>	<u>\$21,979</u>	<u>\$14,851</u>

The District's Net Assets increased by \$14,851 in 2005. This increase was primarily the result of an increase in grant money received from Deerfield Township which was partially offset by an increase in disbursements for engineering services, legal fees and other operating costs.

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS  
– CASH BASIS**

Table 2 below summarizes the changes in Cash Receipts, Cash Disbursements and the resulting change in Net Assets – Cash Basis.

<b>TABLE 2</b>	<b>2005</b>	<b>2004</b>	<b>Difference</b>
Operating Cash Receipts	\$0	\$0	\$0
Operating Cash Disbursements	125,564	15,847	109,717
Operating Loss	(125,564)	(15,847)	(109,717)
Non-Operating Cash Receipts	140,415	37,826	102,589
Non-Operating Cash Disbursements	0	0	0
Changes in Net Assets	14,851	21,979	(7,128)
Net Assets, January 1	21,979	0	21,979
Net Assets, December 31	<u>\$36,830</u>	<u>\$21,979</u>	<u>\$14,851</u>

The District had no Operating Cash Receipts in 2005 and 2004. Operating Cash Disbursements increased \$109,717 primarily due to expenditures made for engineering services and an increase in expenditures for legal fees as the planning activities for the District increased significantly from 2004 to 2005. Non-Operating Cash Receipts increased \$102,589 primarily due to an increase in grant money received from Deerfield Township.



**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Unaudited)**

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**CAPITAL ASSETS**

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$2,706 and \$0 during fiscal years 2005 and 2004.

**DEBT**

The District had no long-term obligations as of December 31, 2005 and 2004.

**CASH**

Cash balances as of December 31, 2005 and 2004 were \$36,830 and \$21,979, respectively.

**CURRENT ISSUES**

The District has contracted with Camp, Dresser and McKee, Inc. to study various funding structures for Deerfield Regional Storm Water District. If implemented, perhaps within the next four to six months, these funds would allow the District to implement a storm water management plan and comply with the Ohio Environmental Protection Agency regulations for storm water quality. The District would also be able to continue its public education program and begin work on a number of capital improvement projects. The District is a board of volunteers and actively seeks out public input into District programs.

**CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to the Deerfield Regional Storm Water Sewer District, 3378 Townsley Drive, Loveland, Ohio 45140-1045.

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**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**Statements of Net Assets - Cash Basis  
December 31, 2005 and 2004**

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	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 36,830	\$ 21,979
<i>Total Assets</i>	<u>\$ 36,830</u>	<u>\$ 21,979</u>
<b>Net Assets</b>		
Unrestricted	\$ 36,830	\$ 21,979
<i>Total Net Assets</i>	<u>\$ 36,830</u>	<u>\$ 21,979</u>

See accompanying notes to the basic financial statements.

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**Statements of Cash Receipts, Disbursements and  
Changes in Net Assets - Cash Basis  
For the Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Operating Cash Receipts</b>	\$ -	\$ -
<b>Operating Cash Disbursements</b>		
Engineering services	77,032	-
Legal fees	38,310	12,956
Insurance	2,904	-
Capital outlay - Signage	2,706	-
License and permit fees	2,000	2,000
Contracted office expense	1,862	-
Postage	24	-
Office expense	383	195
Advertising	343	696
Total operating cash disbursements	<u>125,564</u>	<u>15,847</u>
Operating Cash Receipts Over (Under)		
Operating Cash Disbursements	<u>(125,564)</u>	<u>(15,847)</u>
<b>Non-Operating Cash Receipts</b>		
Deerfield Township grant	140,000	37,618
Miscellaneous receipts	47	154
Interest earnings	368	54
Total non-operating cash receipts	<u>140,415</u>	<u>37,826</u>
<b>Non-Operating Cash Disbursements</b>	<u>-</u>	<u>-</u>
Changes in net assets	14,851	21,979
Net assets, January 1	<u>21,979</u>	<u>-</u>
<i>Net assets, December 31</i>	<u>\$ 36,830</u>	<u>\$ 21,979</u>

See accompanying notes to the basic financial statements.

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**Notes to the Basic Financial Statements  
December 31, 2005 and 2004**

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**NOTE A - NATURE OF ORGANIZATION**

The Deerfield Regional Storm Water District, Warren County, (the District) 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 District was created on October 31, 2003 by the Warren County Court of Common Pleas to provide storm water management services to the residents of Deerfield Township in accordance with the provisions of Ohio Revised Code Section 6119 et.seq. A three (3) member Board of Trustees who are appointed by the Trustees of Deerfield Township manage the District. Deerfield Township is a related organization to the Deerfield Regional Storm Water District, see Note F.

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Under the guidelines of GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities. A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows:

**1. Basis of Accounting**

These financial statements follow the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting as described above, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services net yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

These statements include adequate disclosure of material matters in accordance with the cash basis of accounting as described above.

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

Notes to the Basic Financial Statements  
December 31, 2005 and 2004

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2. Cash and Investments**

For reporting purposes, the District considers “Net assets” and “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase.

**3. Basis of Presentation - Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund accounts for the governmental resources allocated to it and the segregation of cash and investments for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The fund type which the Deerfield Regional Storm Water District uses is described below:

**Proprietary Fund Type** – This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

**Enterprise Fund** – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing certain goods or services to the general public on a continuing basis are financed or received primarily through user charges.

**4. Budgetary Process**

The Ohio Revised Code requires the District to adopt an annual budget.

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

**Estimated Resources** – Estimated resources include estimates of cash to be received (budgeted receipts) plus cash balances as of January 1.

**Encumbrances** – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

A summary of 2005 and 2004 budgetary activity appears in Note D.

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

Notes to the Basic Financial Statements  
December 31, 2005 and 2004

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Capital Assets**

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

**6. Long-Term Obligations**

In general, bonds and loans are recorded as cash disbursements in the basic financial statements when paid. The District had no debt in 2005 and 2004.

**7. Net Assets**

Net assets represent the difference between assets and liabilities. Since under the District's current basis of accounting, the District does not record any other assets other than cash and investments and does not record any liabilities, net assets is equivalent to cash and investments. The District currently does not record any restrictions on their net assets.

**NOTE C – EQUITY IN POOLED CASH AND INVESTMENTS – LEGAL REQUIREMENTS FOR DEPOSITS WITH FINANCIAL INSTITUTIONS**

Monies held by the District are classified by state statute into three categories.

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

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two-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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, 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;

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**Notes to the Basic Financial Statements  
December 31, 2005 and 2004**

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**NOTE C – EQUITY IN POOLED CASH AND INVESTMENTS – LEGAL REQUIREMENTS FOR DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
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) and (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as a security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.



**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

Notes to the Basic Financial Statements  
December 31, 2005 and 2004

**NOTE C – EQUITY IN POOLED CASH AND INVESTMENTS – LEGAL REQUIREMENTS FOR DEPOSITS WITH FINANCIAL INSTITUTIONS** (Continued)

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party.

*Deposits:* The carrying amount of the District's deposits was \$36,830 and \$21,979 as of December 31, 2005 and 2004, respectively. The District's bank balances were \$39,267 and \$21,979 as of December 31, 2005 and 2004, respectively. Of the bank balances, 100 percent was covered by federal depository insurance.

The District 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 or deposited with either the District 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 into the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

**NOTE D – BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and 2004 was as follows:

**Budgeted vs. Actual Receipts**

	<u>2005</u>	<u>2004</u>
Budgeted Receipts	\$ -	\$ -
Actual Receipts	<u>140,415</u>	<u>37,826</u>
Variance	<u>\$ 140,415</u>	<u>\$ 37,826</u>

**Budgeted vs. Actual Budgetary Basis Expenditures**

	<u>2005</u>	<u>2004</u>
Appropriation Authority	\$ 150,000	\$ -
Budgetary Expenditures	<u>125,546</u>	<u>15,793</u>
Variance	<u>\$ 24,454</u>	<u>\$ (15,793)</u>

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**Notes to the Basic Financial Statements  
December 31, 2005 and 2004**

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**NOTE E – RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- General liability;
- Wrongful acts; and
- Errors and omissions.

**NOTE F – RELATED ORGANIZATIONS**

Deerfield Township is a related organization to the Deerfield Regional Storm Water District. The Township Trustees are responsible for appointing the Trustees of the Deerfield Regional Storm Water District, however; the Township Trustees cannot influence the District's operation nor does the Township represent a potential financial benefit or burden to the District.

**NOTE G – COMPLIANCE**

State statute requires the District to determine the total amount from all sources available for expenditures from each fund in the tax budget, along with any unencumbered balances existing at the end of the preceding year. For both years, the District failed to meet this requirement. State statute also requires the District to complete an appropriation resolution annually on or about the first day of each fiscal year. For fiscal year 2004, the District did not adopt an annual appropriation resolution.

**NOTE H – SUBSEQUENT EVENTS**

The District billed its first storm water service fees in November of 2006 and received its first payment in January, 2007. The District has a utility billing agreement with the Warren County Commissioners to handle the billing and collection process.

The District entered into a promissory note with Deerfield Township for \$20,000 on December 1, 2006. The \$20,000 was deposited into the District's bank account on December 11, 2006. The note is interest free if paid off by July 1, 2007. If the note is not paid off by July 1, 2007, interest will be charged on the outstanding balance of the note at a rate commensurate with the U.S. Department of Treasury's Ten-Year T-Bill or 4% per annum, whichever is greater.

**NOTE I – DEERFIELD TOWNSHIP GRANT**

In the initial years of operation, 2005 and 2004, the District received grants from Deerfield Township. These grants are not anticipated to be received in the future and the District is planning to obtain funding from other sources to operate, see Note H.



# 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

Deerfield Regional Storm Water District  
Warren County  
3378 Townsley Drive  
Loveland, Ohio 45140-1045

To the Board of Trustees:

We have audited the financial statements of the business type activities of Deerfield Regional Storm Water District, Warren County, Ohio (the District), as of and for the years ended December 31, 2005 and December 31, 2004, which comprise the District's basic financial statements, and have issued our report thereon dated April 26, 2007, in which we noted the District prepares its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America. 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 District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the District's management dated April 26, 2007 we reported a matter involving internal control over financial reporting which we did not deem as a reportable condition.

### Compliance and Other Matters

As part of reasonably assuring whether the District'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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the District's management dated April 26, 2007, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 26, 2007

**DEERFIELD REGIONAL STORM WATER DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 and 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Material Noncompliance/Reportable Condition**

**Ohio Rev. Code, § 5705.36**, require the Deerfield Regional Storm Water District determine the total amount from all sources available for expenditures from each fund in the tax budget, along with any unencumbered balances existing at the end of the preceding year. This Certificate of Total Estimated Resources can be amended throughout the year as conditions warrant. Appropriations can not exceed the total estimates resources. **Ohio Rev. Code, § 5705.28(B)(2)**, does not require the District to file the Certificate of Total Estimated Resources with the County Auditor.

The Deerfield Regional Storm Water District did not comply with these requirements for the audit period. The appropriation resolution can not exceed the unencumbered fund balance plus estimated resources reflected on the Certificate of Total Estimated Resources.

We recommend the Deerfield Regional Storm Water District compile a certificate showing the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year on or about the first day of each fiscal year to help monitor their budgetary activity.

**Officials' Response:**

This has been remedied for 2006 and 2007. A certificate has been compiled showing the amount of available funds and unencumbered balances at the beginning of the year for both periods.

**FINDING NUMBER 2005-002**

**Material Noncompliance/Reportable Condition**

**Ohio Rev. Code, § 5705.38**, require the Deerfield Regional Storm Water District to complete an appropriation resolution annually on or about the first day of each fiscal year. **Ohio Rev. Code, § 5705.28(B)(2)**, does not require the District to file the appropriation resolution with the County Auditor.

The Deerfield Regional Storm Water District did not complete an appropriation resolution for 2004, its first year of existence. The appropriation resolution sets the limit of the Deerfield Regional Storm Water District's expenditures and is intended to avoid deficit fund balances.

We recommend the Deerfield Regional Storm Water District file an annual appropriation resolution every year to help monitor their budgetary activity.

**Officials' Response:**

Since 2004 was our first year of operation and we did not have legal counsel until mid-year, we were not aware of the requirement to complete an appropriation resolution. We did complete an appropriate resolution in 2005 and have completed one every year since.





**Mary Taylor, CPA**  
Auditor of State

**DEERFIELD REGIONAL STORM WATER DISTRICT**  
**WARREN 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**  
**MAY 15, 2007**