



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

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

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, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

March 10, 2000



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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$9,034	\$45,504	\$6,918	\$0	\$61,456
Intergovernmental	52,385	72,679	0	0	125,064
Licenses, Permits, and Fees		5,175	0	0	5,175
Earnings on Investments	5,649	2,415	0	240	8,304
Other Revenue	1,730	3,840	0	0	5,570
<b>Total Cash Receipts</b>	<u>68,798</u>	<u>129,613</u>	<u>6,918</u>	<u>240</u>	<u>205,569</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	58,614	2,149	0	0	60,763
Public Safety	0	24,866	0	0	24,866
Public Works	1,442	95,644	0	0	97,086
Health	1,649	13,990	0	0	15,639
Debt Service:					
Redemption of Principal	0	0	4,674	0	4,674
Interest and Fiscal Charges	0	0	2,244	0	2,244
Capital Outlay	1,400	31,214	0	0	32,614
<b>Total Cash Disbursements</b>	<u>63,105</u>	<u>167,863</u>	<u>6,918</u>	<u>0</u>	<u>237,886</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>5,693</u>	<u>(38,250)</u>	<u>0</u>	<u>240</u>	<u>(32,317)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Sources	35	0	0	0	35
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>35</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,728	(38,250)	0	240	(32,282)
Fund Cash Balances, January 1, 1999	91,930	288,484	0	9,431	389,845
<b>Fund Cash Balances, December 31, 1999</b>	<u><b>\$97,658</b></u>	<u><b>\$250,234</b></u>	<u><b>\$0</b></u>	<u><b>\$9,671</b></u>	<u><b>\$357,563</b></u>
Reserve for Encumbrances, December 31, 1999	<u>\$4,120</u>	<u>\$1,678</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,798</u>

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

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$7,431	\$49,677	\$0	\$57,108
Intergovernmental	46,995	77,793	0	124,788
Charges for Services	0	500	0	500
Licenses, Permits, and Fees	0	4,125	0	4,125
Earnings on Investments	5,720	2,005	237	7,962
Other Revenue	2,354	10,973	0	13,327
	<u>62,500</u>	<u>145,073</u>	<u>237</u>	<u>207,810</u>
<b>Total Cash Receipts</b>				
	<u>62,500</u>	<u>145,073</u>	<u>237</u>	<u>207,810</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	76,482	1,980	0	78,462
Public Safety	0	29,412	0	29,412
Public Works	0	29,182	0	29,182
Health	1,601	11,249	0	12,850
Capital Outlay	25,000	15,438	0	40,438
	<u>103,083</u>	<u>87,261</u>	<u>0</u>	<u>190,344</u>
<b>Total Cash Disbursements</b>				
	<u>103,083</u>	<u>87,261</u>	<u>0</u>	<u>190,344</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(40,583)</u>	<u>57,812</u>	<u>237</u>	<u>17,466</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	0	37,392	0	37,392
	<u>0</u>	<u>37,392</u>	<u>0</u>	<u>37,392</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>0</u>	<u>37,392</u>	<u>0</u>	<u>37,392</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(40,583)</u>	<u>95,204</u>	<u>237</u>	<u>54,858</u>
<b>Fund Cash Balances, January 1, 1998</b>	<u>132,513</u>	<u>193,280</u>	<u>9,194</u>	<u>334,987</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u><u>\$91,930</u></u>	<u><u>\$288,484</u></u>	<u><u>\$9,431</u></u>	<u><u>\$389,845</u></u>
<b>Reserve for Encumbrances, December 31, 1998</b>	<u><u>\$0</u></u>	<u><u>\$27,080</u></u>	<u><u>\$0</u></u>	<u><u>\$27,080</u></u>

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

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

**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 general governmental services, including 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**

Certificates of deposit, and U.S. Savings Bonds, and Bank Stocks are valued at cost or market value at the time donated.

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

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Special Levy Fire Fund - This fund receives special tax levy money to pay for the fire protection of the Township.

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

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

**D. Fund Accounting (continued)**

**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 is used to accumulate money and disburse funds for the payment of a squad vehicle.

**4. Fiduciary Funds (Non-Expendable Trust)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary funds:

Non-Expendable Trust Funds - Equity is received via donations and interest earned on the corpus is used to fund maintenance of cemetery plots.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**F. Property, Plant and Equipment**

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

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

**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 and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$354,038	\$386,320
Certificates of deposit	2,425	2,425
Total deposits	<u>356,463</u>	<u>388,745</u>
U.S. Savings Bond	500	500
Bank Stocks	600	600
Total investments	<u>1,100</u>	<u>1,100</u>
Total deposits and investments	<u>\$357,563</u>	<u>\$389,845</u>

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,350	\$68,833	\$483
Special Revenue	128,257	129,613	1,356
Debt Service	6,918	6,918	0
Fiduciary	220	240	20
Total	<u>\$203,745</u>	<u>\$205,604</u>	<u>\$1,859</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,243	\$67,225	\$79,018
Special Revenue	373,971	169,541	204,430
Debt Service	6,918	6,918	0
Fiduciary	9,651	0	9,651
Total	<u>\$536,783</u>	<u>\$243,684</u>	<u>\$293,099</u>

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

**3. BUDGETARY ACTIVITY (continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,020	\$62,500	\$480
Special Revenue	63,507	182,465	118,958
Fiduciary	220	237	17
Total	\$125,747	\$245,202	\$119,455

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,466	\$103,083	\$80,383
Special Revenue	310,329	114,341	195,988
Fiduciary	9,414	0	9,414
Total	\$503,209	\$217,424	\$285,785

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principle	Interest Rate
General Obligation Notes	32,718	6%

The general obligation note was issued to finance the purchase of a new tanker truck to be used for Township fire protection. The note is secured by the tanker truck.

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

**5. DEBT (continued)**

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

Year ending December 31:	General Obligation Note
2000	\$6,918
2001	6,642
2002	6,357
2003	6,076
2004	5,796
Subsequent	<u>15,707</u>
Total	<u><u>\$47,496</u></u>

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS 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, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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

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OFFICE OF THE AUDITOR**

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

Deerfield Township  
Ross County  
PO Box 177  
Clarksburg, OH 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, 1999 and December 31, 1998, and have issued our report thereon dated March 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 10, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no 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 March 10, 2000.

Deerfield Township  
Ross County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

March 10,2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
MAY 2, 2000**