



**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



DEERFIELD TOWNSHIP  
WARREN COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Deerfield Township  
Warren County  
3378 Townsley Drive  
Loveland, Ohio 45140

To the Board of Trustees:

We have audited the accompanying financial statements of Deerfield Township, Warren County, Ohio (the Township), as of and for the year ended December 31, 2000. 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. We believe that our audit provides a reasonable basis for our opinion.

As described 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 Deerfield Township, Warren County, as of December 31, 2000, and its combined cash receipts and disbursements for the year 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 20, 2002 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 management, the Board of Trustees and other officials authorized to receive this report under Section 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 20, 2002

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DEERFIELD TOWNSHIP  
WARREN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$1,093,221	\$4,176,091				\$5,269,312
Tax Increment Financing		163,766	1,212,376			1,376,142
Intergovernmental	994,449	578,600	140,799			1,713,848
Special Assessments				298,487		298,487
Charges for Services		69,495				69,495
Licenses, Permits, and Fees	60,728	66,278				127,006
Fines, Forfeitures, and Penalties	96,080					96,080
Earnings on Investments	205,257	9,152	41,244	240,798	934	497,385
Other Revenue	858,185	117,453				975,638
<b>Total Cash Receipts</b>	<b>3,307,920</b>	<b>5,180,835</b>	<b>1,394,419</b>	<b>539,285</b>	<b>934</b>	<b>10,423,393</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	2,348,538	67,348				2,415,886
Public Safety		1,461,672		631		1,462,303
Public Works	23,329	530,411				553,740
Health	34,807	119,574				154,381
Human Services	71,469	1,716,834				1,788,303
Conservation - Recreation		37,630				37,630
Miscellaneous			1,000			1,000
Contract Services		31,000		219,200		250,200
Supplies and Materials					210	210
Debt Service:						
Redemption of Principal		1,250,000	2,210,666	1,366,923		4,827,589
Interest and Fiscal Charges		41,759	535,686	92,282		669,727
Capital Outlay	1,508,100	712,716	0	3,125,993		5,346,809
<b>Total Cash Disbursements</b>	<b>3,986,243</b>	<b>5,968,944</b>	<b>2,747,352</b>	<b>4,805,029</b>	<b>210</b>	<b>17,507,778</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(678,323)</b>	<b>(788,109)</b>	<b>(1,352,933)</b>	<b>(4,265,744)</b>	<b>724</b>	<b>(7,084,385)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Notes	1,570,000	1,000,000	1,420,776	7,990,769		11,981,545
Tax Increment Financing Payment to Schools		(163,766)				(163,766)
Transfers-In		40,110	617,164	167,577		824,851
Transfers-Out	(824,851)					(824,851)
Other Sources	6,332	52,998				59,330
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>751,481</b>	<b>929,342</b>	<b>2,037,940</b>	<b>8,158,346</b>	<b>0</b>	<b>11,877,109</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,158	141,233	685,007	3,892,602	724	4,792,724
Fund Cash Balances, January 1 (as restated see note #10)	1,219,646	2,320,956	375,088	2,119,655	26,754	6,062,099
<b>Fund Cash Balances, December 31</b>	<b>\$1,292,804</b>	<b>\$2,462,189</b>	<b>\$1,060,095</b>	<b>\$6,012,257</b>	<b>\$27,478</b>	<b>\$10,854,823</b>
Reserve for Encumbrances, December 31	\$266,122	\$1,101,936	\$0	\$1,078,575	\$0	\$2,446,633

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

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**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Deerfield Township, Warren 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 also contracts with the Warren County Sheriff's department to provide police 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, money market funds, nonparticipating investment contracts such as repurchase agreements and U.S. savings bonds are valued at cost.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

Fire Fund - This fund receives fire levy monies to be used for the purchase and maintenance of fire apparatus and ambulances and the payment of salaries of firefighters and paramedics.

Park Levy Fund - This fund receives park levy monies for the purchase of property to be used as a Township park

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

General Bond - Note Retirement Fund - this fund is subsidized by the General Fund for the retirement of debt.

Tax Increment Financing Debt Service Fund - this fund was established to accumulate resources for the payment of Tax Increment Financing Bonds.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Tax Increment Financing Fund - this fund is used to account for the proceeds of the Tax Increment Revenue Notes and payment of road improvements and extension, construction of utilities facilities and purchase of property necessary for development.

**5. Fiduciary Funds (Expendable Trust)**

Trust Funds are used to account for resources restricted by legally binding trust agreements. The trust agreements do not require the Township to maintain the corpus of the trust; therefore, the fund is classified as an expendable trust fund. The Township had the following significant Expendable Trust Fund:

Cemetery Bequest Funds - these funds receive bequest funds for the maintenance of the 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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**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.

**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 2000 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.

**G. Unpaid Vacation and Sick Leave**

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

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

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

	<u>2000</u>	<u>2000</u>	<u>2000</u>
	Pooled Funds Held by Township	TIF Funds Held by Trustee	Total All Funds
Demand deposits	<u>(\$192,148)</u>	<u>\$421,709</u>	<u>\$229,561</u>
Repurchase Agreement	5,273,516	0	5,273,516
U.S. Savings Bonds	20,700	0	20,700
Money Market	<u>0</u>	<u>5,331,046</u>	<u>5,331,046</u>
Total investments	<u>5,294,216</u>	<u>5,331,046</u>	<u>10,625,262</u>
Total deposits and investments	<u><u>\$5,102,068</u></u>	<u><u>\$5,752,755</u></u>	<u><u>\$10,854,823</u></u>

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name. Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

The Savings Bonds are held by the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,795,106	\$4,884,252	\$89,146
Special Revenue	6,161,600	6,273,943	112,343
Debt Service	2,747,353	3,432,359	685,006
Capital Projects	9,725,663	8,697,631	(1,028,032)
Fiduciary	1,007	934	(73)
Total	\$23,430,729	\$23,289,119	(\$141,610)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,243,400	\$5,077,216	\$1,166,184
Special Revenue	8,296,269	7,234,646	1,061,623
Debt Service	1,846,880	2,747,352	(900,472)
Capital Projects	9,681,481	5,883,604	3,797,877
Fiduciary	25,761	210	25,551
Total	\$26,093,791	\$20,943,028	\$5,150,763

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Ambulance EMS, General Bond (Note) Retirement, and the Fire Equipment Fund had expenditures that exceeded appropriations at December 31, 2000.

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**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.

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.

**3. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
<b>Long term obligations:</b>		
Little Miami Incorporated - Foster Property Loan	\$27,000	6.15%
Tax Increment Revenue Notes 1998	9,175,000	3.80%
<b>Short term obligations:</b>		
Tax Increment Revenue Notes 2000	5,635,000	5.00%
Park Land General Obligation Notes	400,000	5.23%
Sewer Project General Obligation Notes	576,332	5.19%
Public Utility Improvement General Obligation Notes	1,619,444	5.23%
Fire Equipment Acquisition General Obligation Notes	875,000	4.91%
Park Levy General Obligation Note	1,000,000	3.35%
Fire Truck General Obligation Notes	305,769	5.00%
Township Park Land General Obligation Notes	300,000	5.00%
Township Park Land General Obligation Notes	1,270,000	4.76%
Total	\$21,183,545	

**Long term obligations:**

The Township obtained a five-year, 6.15% Foster Property Loan for \$135,000 on October 15, 1996. Interest and principal are due annually to Little Miami Incorporated, Amberley Village, Ohio.

The Township issued Tax Increment Revenue Notes (the notes) in 1998 in the amount of \$9,485,000, less issuance costs of \$448,054. Proceeds from the note issuance were placed in a trust fund held by Fifth Third Bank.

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. DEBT (Continued)**

A portion of the note proceeds was used to retire a \$1,350,000 Township street improvement note issued in 1997. The Trustee Agreement requires that certain accounts be established by the Trustee for various purposes (e.g. reserves, note servicing, payments to contractors, etc.). For financial reporting purposes, the Township has reported the activity of these Trustee accounts in the financial statements. The accounts have been grouped into two fund types, Debt Service (to report note servicing related activities) and Capital Projects (to report TIF project construction activities). At December 31, 2000, the Special Revenue, Debt Service and Capital Projects trustee accounts had balances of \$137,347, \$1,056,897 and \$973,092 respectively.

The Tax Increment Financing Notes (Series 1998) were issued for the purpose of (1) paying off outstanding bond anticipation notes originally issued August 14, 1997 for the purpose of paying part of the costs of making improvements and an extension to Duke Drive and realigning Irwin Simpson Road including land acquisition, planning and legal costs and (2) paying the cost of planning, design and construction of public street improvements and utilities. The notes will be repaid from service payments that will be assessed and collected by the County on property improvements in the Township. These service payments are payments made by the property owners in lieu of real property taxes. The notes commenced maturing on December 1, 1999 and will reach final maturity on December 1, 2023.

**Short term Tax Increment Revenue Note:**

The Township issued Tax Increment Revenue Notes (the notes) in 2000 in the amount of \$5,635,000, less issuance costs of \$35,000. Proceeds from the note issuance were placed in a trust fund held by Fifth Third Bank. The Trustee Agreement requires that certain accounts be established by the Trustee for various purposes (e.g. reserves, note servicing, payments to contractors, etc.). For financial reporting purposes, the Township has reported the activity of these Trustee accounts in the financial statements. The accounts have been grouped into two fund types, Debt Service (to report note servicing related activities) and Capital Projects (to report TIF project construction activities). At December 31, 2000, the Debt Service and Capital Projects trustee accounts had balances of \$1,500 and \$3,583,917, respectively.

The Tax Increment Financing Notes (series 2000) were issued for the purpose of paying the cost of planning, design and construction of public street improvements, utilities, and purchasing and/or development of land to enhance public service facilities or operations. The notes will be repaid from service payments that will be assessed and collected by the County on specifically identified property improvements in the Township. These service payments are payments made by the property owners in lieu of real property taxes. The notes will reach final maturity on April 12, 2001.

**Short term General Obligation Notes:**

All of the obligations listed below are General Obligation Notes issued by the Township. These Notes are collateralized by the Township's taxing authority and are due annually.

The Park Levy General Obligation Notes were issued on February 2, 2000, in the amount of \$1,000,000, to purchase land to establish a Township park. The Township passed a five-year, 1 mill levy on February 3, 1998 for the purpose of purchasing park land. This levy is used to make payment on these notes. These notes mature February 1, 2001.

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. DEBT (Continued)**

The Park Land General Obligation Notes were issued on March 28, 2000, in the amount \$1,270,000, to purchase land to establish a Township park. These notes mature on March 28, 2001.

The Park Land General Obligation Notes were issued on June 29, 2000, in the amount of \$400,000, to purchase land to establish a Township park. These notes mature June 28, 2001.

The Sewer Project General Obligation Notes were issued on June 29, 2000, in the amount of \$576,332, to finance the cost of making improvements to the County sewer system. These notes mature June 28, 2001.

The Park Land General Obligation Notes were issued on August 1, 2000, in the amount of \$300,000, to purchase land to establish a Township park. These notes will mature on August 1, 2001.

The Fire Truck Acquisition Notes were issued to purchase equipment for the purpose of providing fire protection in the Township. The Township issued notes in the amount of \$305,769 on August 3, 2000. These notes mature on August 2, 2001.

The Public Utility Improvement General Obligation Notes were issued on December 7, 2000, in the amount of \$1,619,444, to pay the cost of making improvements to the sewer system and water system. These notes mature December 6, 2001.

The Fire Equipment Acquisition General Obligation Notes were issued on December 7, 2000, in the amount of \$875,000, to acquire fire equipment. These notes mature December 6, 2001.

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

Year ending December 31:	Tax Increment Revenue Notes	Little Miami - Foster Property Loan	General Obligation Notes
2001	\$6,592,154	\$28,661	\$6,656,485
2002	675,764	0	0
2003	675,544	0	0
2004	679,794	0	0
2005	678,266	0	0
2006-2010	3,393,161	0	0
2011-2015	3,289,044	0	0
2016-2020	3,383,376	0	0
2021-2023	2,037,187	0	0
Total	<u>\$21,404,290</u>	<u>\$28,661</u>	<u>\$6,656,485</u>

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fireman's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code.

For 2000, PFDPF contributions for participating employees were 10% of their wages. The Township contributed this amount on behalf of the employees. The Township also contributed an amount equal to 24% of their wages to PFDPF. PERS members contributions were 8.5% of their gross salaries. The Township contributed this amount to PERS for non-elected employees. The Township also contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and Omissions

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

**8. TAX INCREMENT FINANCING (TIF) PAYMENT TO SCHOOLS**

The official statements of the Deerfield Township Tax Increment Revenue Notes, Series 1998 and Series 2000, require the Township to refund a portion of the monies it receives for service payments in lieu of taxes to two School Districts affected by the TIF projects. The two School Districts affected are Kings Local School District and Mason City School District. The amount of refund they receive is based on the assessed TIF value of the property being developed in each School District. These payments were made to the School Districts as required in the official statement.

**9. COMPLIANCE**

Contrary to 26 U.S.C. Section 1.61 - 21, Internal Revenue Code, the Township provided automobiles to non exempt employees and did not include this fringe benefit amount on these employees' Form W-2.

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**10. PRIOR PERIOD ADJUSTMENT**

Due to an error in the prior period, the Debt Service beginning fund balance will be restated as follows:

Beginning Fund Balance as of January 1, 2000	\$360,312
Amount of Correction Due to Omission of TIF Debt Service Fund	<u>14,776</u>
Restated Beginning Fund Balance as of January 1, 2000	\$375,088

**11. SUBSEQUENT EVENTS**

The Township renewed and/or issued the following debt after year end:

The Park Land General Obligation Notes, in the amount \$1,270,000, matured on March 28, 2001 and were renewed in the reduced principal amount of \$1,227,000.

The Park Land General Obligation Notes, in the amount of \$300,000, matured on August 1, 2001 and were renewed in the reduced principal amount \$290,000.

The Fire Truck Acquisition Notes, in the amount of \$305,769, matured on August 2, 2001 and were renewed in the reduced principal amount \$244,615.

The Park Levy General Obligation Notes, in the amount of \$1,000,000, matured in February 1, 2001. This note was renewed in the reduced principal amount of \$750,000.

The Public Utility Improvement General Obligation Notes, in the amount of \$1,619,444, matured on December 6, 2001 and were renewed in the reduced principal amount of \$1,505,000 in a Bond Anticipation Note titled Various Purpose Notes, Series 2001B. This note matures on December 1, 2002.

The Fire Equipment Acquisition General Obligation Notes, in the amount of \$875,000, matured on December 6, 2001 and were renewed in the reduced principal amount of \$750,000 in a Bond Anticipation Note titled Various Purpose Notes, Series 2001B. This note matures on December 1, 2002.

The Park Land General Obligation Notes, in the amount of \$400,000, matured on June 28, 2001 and were renewed in the reduced principal amount of \$380,000 in a Bond Anticipation Note titled Various Purpose Bond Anticipation Notes, Series 2001. This note will mature on May 15, 2002.

The Sewer Project General Obligation Notes, in the amount of \$576,332, matured on June 28, 2001 and were renewed in the reduced principal amount of \$494,000 in a Bond Anticipation Note titled Various Purpose Bond Anticipation Notes, Series 2001. This note will mature on May 15, 2002.

The Township issued the following Bond Anticipation Notes after year-end:

- \$730,000 - building acquisition
- \$ 70,000 - township road improvements
- \$300,000 - park land acquisition

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**11. SUBSEQUENT EVENTS (Continued)**

- \$230,000 - township public utility improvements

These notes were included in the issuance titled Various Purpose Bond Anticipation Notes, Series 2001. These notes mature on May 15, 2002

The Township issued a public utility improvement bond anticipation note in the amount of \$287,000. This note was included in the issuance titled Various Purpose Notes, Series 2001B. This note matures on December 1, 2002.

The Township issued a Bond Anticipation Note in the amount of \$670,000 to provide for the acquisition of an administration building. This note will mature on May 15, 2002.

The Township issued Tax Increment Revenue Notes, Series 2001, in the amount of \$7,500,000. These notes were issued to refinance the outstanding \$5,635,000 Tax Increment Revenue Notes, Series 2000 and to provide for planning, design, construction of utilities, and certain other costs, including costs of issuance, related thereto.

The Township issued Tax Increment Revenue Notes, Series 2001B, in the amount of \$13,940,000. These notes were issued to provide for planning, design and construction of public improvements, utilities and parkland and for paying certain costs related to the issuance. This issuance was also for refinancing the following notes:

- Park Improvement Notes - \$1,227,000
- Tax Increment Revenue Refunding Notes - \$7,500,000.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Deerfield Township  
Warren County  
3378 Townsley Drive  
Loveland, Ohio 45140

To the Board of Trustees:

We have audited the accompanying financial statements of Deerfield Township, Warren County, Ohio (the Township), as of and for the year ended December 31, 2000, and have issued our report thereon dated March 20, 2002. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-40483-001. We also noted other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 2002.

**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. 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 Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-40483-002.

Deerfield Township  
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Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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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. 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 to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 20, 2002.

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 20, 2002

**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40483-001**

**Material Noncompliance - Fringe Benefits**

26 U.S.C. Section 1.61 - 21, Internal Revenue Code, requires that fringe benefits, including an employer-provider automobile, be included as gross income. This fringe benefit was not exempt to these employees and this amount was not included on these employees' Form W-2. The following is a list of individuals which the Township provided vehicles to during 2000:

- Hazel Dotson, Administrator - 1998 Ford Windstar
- Doug Larrick, Director of Public Works - 1992 Ford Aerostar
- Ted Farquer, Road Supervisor - 1998 Ford Explorer
- Bill Kramer, Chief of Fire and Rescue - 2000 Ford Crown Victoria
- Nathan Broman, Deputy Chief of Fire and Rescue - 2000 Ford Crown Victoria
- Dave Schmiede, Fire Inspector - 1998 Ford Crown Victoria

The Township should contact the IRS to determine what, if any, action the Township should take regarding this issue.

**FINDING NUMBER 2000-40483-002**

**Internal Control Reportable Condition - Payroll Authorization Forms**

The Township uses a payroll authorization form to approve employees' work hours each pay period. The form is to be signed by the each department supervisor and the Township administrator. We noted during payroll testing that 38% of the payroll authorization forms selected for testing were not properly approved and verified. Without proper approval, employees could be over or under compensated, department hours could be misstated and Township funds could be incorrectly disbursed.

We recommend that the payroll authorization forms be approved and verified for accuracy to ensure all Township funds are appropriately disbursed.

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**DEERFIELD TOWNSHIP  
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1999-40483-001	Revised Code 5705.41(B) prohibits from making an expenditure unless it has been appropriated.	Partially	This is reported in the management letter.
1999-40483-002	Finding for adjustment issued against the General fund in favor of the Police Levy fund.	Yes	Township made the appropriate adjustment.
1999-40483-003	Revised Code 515.01, 4115.04, 505.37 to 505.44, 731.14, and 5575.01. Contract violations	Partially	Township corrected the problems except for maintaining a central file for all contract information. This is reported in the Management Letter.
1999-40483-004	A formal employment agreement should be created for employees who are not covered by the salary schedule	Yes	Township entered into an employment agreement in April 2000.
1999-40483-005	A formal travel policy should be established	Yes	Township created a formal travel policy during 2000.
1999-40483-006	A formal credit card policy should be created	Yes	Township created a formal credit card policy during 2000.
1999-40483-007	The financial activity should be reconciled monthly with the bank statements	Partially Corrected	Township is reconciled, but did not track the TIF accounts. This is reported in the Management Letter.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**DEERFIELD TOWNSHIP**

**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  
APRIL 9, 2002**