

Deerfield Township

Report on Financial Statements

For the Years Ended December 31, 2010 and 2009



Canfield • Warren • Columbus

www.bodineperry.com



Dave Yost • Auditor of State

Board of Trustees
Deerfield Township
P.O. Box 186
Deerfield, Ohio 44411

We have reviewed the *Independent Auditors' Report* of Deerfield Township, Portage County, prepared by Bodine Perry, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Deerfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 19, 2011

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INDEPENDENT AUDITORS' REPORT

May 17, 2011

Board of Trustees
Deerfield Township
Portage County
Deerfield, Ohio

We have audited the accompanying financial statements of Deerfield Township, Portage County, (the Township) as of and for the years ended December 31, 2010 and 2009. 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 the 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 opinions.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the accompanying fund financial statements presented for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their financial statements. The Township has elected not to reformat its financial statements for 2010 and 2009. Since this County does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements refer to above present fairly, in all material respects, the fund cash balances of Deerfield Township, Portage County, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended in accordance on the accounting basis described in Note 1.

The Township has not included Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements. The Township has elected not to present Management's Discussion and Analysis.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2011, on our consideration of Deerfield Township, Portage County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Bodine Perry, LLC

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, Ohio

**Deerfield Township
Portage County**

Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Type

For The Year Ended December 31, 2010

	Governmental Fund Types					Total (Memorandums Only)
	General	Special Revenue	Debt Service	Capital Projects	Private Purpose Trust Fund	
<i>CASH RECEIPTS</i>						
Local Taxes	\$ 31,353	\$ 303,949	\$ 15,585	\$ -	\$ -	350,887
Intergovernmental	96,098	10,300	-	-	-	106,398
Charges for Services	-	52,314	-	-	-	52,314
Licenses, Permits, and Fees	4,777	4,162	-	-	-	8,939
Earnings on Investments	278	71	-	-	4	353
Miscellaneous	45,762	23,006	-	-	-	68,768
Total Cash Receipts	<u>178,268</u>	<u>393,802</u>	<u>15,585</u>	<u>-</u>	<u>4</u>	<u>587,659</u>
<i>CASH DISBURSEMENTS</i>						
Current:						
General Government	153,470	23,920	-	-	-	177,390
Public Works	5,227	173,576	-	-	-	178,803
Public Safety	-	224,021	-	-	-	224,021
Other	8,041	-	-	-	-	8,041
Debt Service						
Redemption of Principal	-	-	5,600	-	-	5,600
Interest and Fiscal Charges	-	-	9,985	-	-	9,985
Total Cash Disbursements	<u>166,738</u>	<u>421,517</u>	<u>15,585</u>	<u>-</u>	<u>-</u>	<u>603,840</u>
Total Receipts Over/(Under) Disbursements	<u>11,530</u>	<u>(27,715)</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>(16,181)</u>
Other Financing Receipts and (Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other - Other Financing Sources	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,530	(24,615)	-	-	4	(13,081)
Fund Cash Balances, January 1	<u>282,131</u>	<u>289,659</u>	<u>3,827</u>	<u>9,160</u>	<u>6,411</u>	<u>591,188</u>
Fund Cash Balances, December 31	<u>\$ 293,661</u>	<u>\$ 265,044</u>	<u>\$ 3,827</u>	<u>\$ 9,160</u>	<u>\$ 6,415</u>	<u>\$ 578,107</u>

See Independent Auditors' Report and Notes to financial statements.

**Deerfield Township
Portage County**

Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Type

For The Year Ended December 31, 2009

	Governmental Fund Types					Total (Memorandums Only)
	General	Special Revenue	Debt Service	Capital Projects	Private Purpose Trust Fund	
<i>CASH RECEIPTS</i>						
Local Taxes	\$ 113,541	\$ 308,583	\$ 15,641	\$ -	\$ -	\$ 437,765
Intergovernmental	129,188	7,140	-	-	-	136,328
Charges for Services	-	53,032	-	-	-	53,032
Licenses, Permits, and Fees	7,645	7,567	-	-	-	15,212
Earnings on Investments	431	116	-	-	7	554
Miscellaneous	71,169	5,950	-	-	-	77,119
Total Cash Receipts	<u>321,974</u>	<u>382,388</u>	<u>15,641</u>	<u>-</u>	<u>7</u>	<u>720,010</u>
<i>CASH DISBURSEMENTS</i>						
Current:						
General Government	266,317	18,404	-	-	-	284,721
Public Works	4,944	121,315	-	-	-	126,259
Public Safety	-	231,547	-	-	-	231,547
Other	4,693	-	-	-	-	4,693
Debt Service						
Redemption of Principal	-	-	5,400	-	-	5,400
Interest and Fiscal Charges	-	-	10,241	-	-	10,241
Total Cash Disbursements	<u>275,954</u>	<u>371,266</u>	<u>15,641</u>	<u>-</u>	<u>-</u>	<u>662,861</u>
Total Receipts Over/(Under) Disbursements	<u>46,020</u>	<u>11,122</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>57,149</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	46,020	11,122	-	-	7	57,149
Fund Cash Balances, January 1	<u>236,111</u>	<u>278,537</u>	<u>3,827</u>	<u>9,160</u>	<u>6,404</u>	<u>534,039</u>
Fund Cash Balances, December 31	<u>\$ 282,131</u>	<u>\$ 289,659</u>	<u>\$ 3,827</u>	<u>\$ 9,160</u>	<u>\$ 6,411</u>	<u>\$ 591,188</u>

See Independent Auditors' Report and Notes to financial statements.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Deerfield Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and ambulance 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements method. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or disbursements for investment sales. This basis records gains or losses at the time of sale 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 fund into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

2. Special Revenue Funds

These funds 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:

Fire District Fund: This fund receives property tax money for the general operation of the fire department.

Road and Bridge Fund: This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had only one debt service fund for the construction of the Township Hall.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund: The Township received a grant from the State of Ohio to replace a culvert on Treasure Boulevard.

5. Fiduciary Funds (Trust Funds)

These funds account for resources restricted by legally binding trust agreements. The Township has a Cemetery Bequest Trust Fund. The interest from the trust may be used for cemetery maintenance.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

E. Budgetary Process

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

1. Appropriations

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

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

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

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

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.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

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 re-appropriated in the subsequent year.

A summary of 2009 and 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Township maintained all cash in an interest bearing checking account. The carrying amount of cash and investments at December 31 was as follows:

	2010	2009
Total Deposits	\$578,107	\$591,188

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township collateralized by the financial institution's public entity deposit pool.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 was as follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 142,672	\$ 178,268	\$ 35,596
Special Revenue	395,447	396,902	1,455
Debt Service	15,585	15,585	-
Capital Projects	-	-	-
Private Purpose Trust Fund	5	4	(1)
Total	<u>\$ 553,709</u>	<u>\$ 590,759</u>	<u>\$ 37,050</u>
2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 414,803	\$ 166,738	\$ 248,065
Special Revenue	674,105	421,517	252,588
Debt Service	19,413	15,585	3,828
Capital Projects	9,160	-	9,160
Private Purpose Trust Fund	372	-	372
Total	<u>\$ 1,117,853</u>	<u>\$ 603,840</u>	<u>\$ 514,013</u>

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

3. BUDGETARY ACTIVITY (CONTINUED)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,903	\$ 321,974	\$ 177,071
Special Revenue	388,508	382,388	(6,120)
Debt Service	15,641	15,641	-
Capital Projects	-	-	-
Private Purpose Trust Fund	20	7	(13)
Total	<u>\$ 549,072</u>	<u>\$ 720,010</u>	<u>\$ 170,938</u>
2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 371,014	\$ 275,954	\$ 95,060
Special Revenue	656,042	371,266	284,776
Debt Service	19,469	15,641	3,828
Capital Projects	9,160	-	9,160
Private Purpose Trust Fund	386	-	386
Total	<u>\$ 1,056,071</u>	<u>\$ 662,861</u>	<u>\$ 393,210</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by 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.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

5. DEBT

Debt outstanding at December 31, 2010 and 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds		
2009	\$210,200	4.75%
2010	\$204,600	4.75%

The Township issued general obligation bonds in the amount of \$247,000 to finance the construction of the new town hall during 2001 and 2002. Monies are released by the bank using the percentage of completion method of contracts. During 2003 the final \$22,960 of the bond monies were received as a reimbursement of monies spent during calendar 2002. This debt is backed by the full faith of the Township.

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

Year Ending December 31:	General Obligation Bonds
2011	\$ 15,519
2012	15,643
2013	15,649
2014	15,540
2015-2019	78,064
2020-2024	78,185
2025-2029	78,031
2030-2031	31,190
Total	\$ 327,821

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10.0%, each year, of their gross salaries. The Township contributed an amount equaling 14.0%, each year, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP.) Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

Property Coverage

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

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

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

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

7. RISK MANAGEMENT (CONTINUED)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	(10,664,724)	(12,880,766)
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid premiums is approximately \$36,606.

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

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$16,806	\$18,303

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

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009**

**8. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN
EXCESS OF INSURED LIMITS**

The Organization maintains its cash balance in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009 the Organization's uninsured cash balances totaled \$355,454 and \$370,338, respectively.

9. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through May 17, 2011, which is the date the financial statements were available to be issued.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

May 17, 2011

Board of Trustees
Deerfield Township
Portage County
Deerfield, Ohio

We have audited the financial statements of Deerfield Township, Portage County (the Township) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated May 17, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Deerfield Township, Portage County's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion the effectiveness of Deerfield Township, Portage County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Deerfield Township, Portage County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deerfield Township, Portage County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of statements 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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of audit committee, management, and other members of the board. It is not intended to be nor should it be used by anyone other than these specified parties.

Bodine Perry, LLC

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, Ohio

**DEERFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 and 2009**

FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED TO BE REPORTED
IN ACCORDANCE WITH GAGAS

NONE NOTED.

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Dave Yost • Auditor of State

DEERFIELD TOWNSHIP

PORTAGE 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 29, 2011