

DEERFIELD TOWNSHIP  
ROSS COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2005 and 2004





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Deerfield Township  
PO Box 177  
Clarksburg, OH 43115

We have reviewed the *Independent Auditor's Report* of Deerfield Township, Ross County, prepared by Van Krevel & Company, for the audit period January 1, 2004 to December 31, 2005. 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.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 19, 2007

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Deerfield Township  
Ross County, Ohio

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Ross County, Ohio

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Van Krevel & Company  
Certified Public Accountants  
5201 Indian Hill Road  
Dublin, Ohio 43017  
614-761-3743

Independent Auditor's Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deerfield Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 audits.

We conducted our audits 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 audits 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 our audits provide a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Deerfield Township, Ross County, Ohio, as of December 31, 2005 and 2004, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Special Levy-Fire, and Special Levy-Emergency Squad funds for the years then ended on the basis of accounting described in Note 2.

For the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2006, 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 grant agreements 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 audits.



Deerfield Township  
Ross County, Ohio  
Independent Auditor's Report

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.

/s/ Van Krevel & Company  
Dublin, Ohio

October 25, 2006

Deerfield Township  
Ross County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
(Unaudited)

This discussion and analysis of Deerfield Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$32,351.53 or 8 %, indicating no significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Motor Vehicle License Tax. \$25,225.74 was used for paving in combination with the Issue II grant.

The Township's general receipts are primarily property tax and grants and entitlements. These receipts represent 53.3 and 38 %, respectively, and 92 % of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004. Grants and entitlements for 2005 were reduced remarkably from 2004 due to the large estate tax distribution in 2004.

Key highlights for 2004 are as follows:

Net assets of governmental activities increased by \$54,333.61 or 15.62 %, a significant change from the prior year. The fund most effected by the increase in cash and cash equivalents was the General Fund, which received \$59,850.28 in estate tax.

The Township's general receipts are primarily property tax and grants and entitlements. These receipts represent respectively 37% and 59 % of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003. Grants and entitlements for 2004 changed remarkably from 2003 due to the estate tax distribution.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Deerfield Township  
Ross County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
(Unaudited)

**Using the Basic Financial Statements** (continued)

**Basis of Accounting**

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

As a result of using the modified 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 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 modified cash basis of accounting.

**Reporting the Township as a Whole**

The statements of net assets and the statements of activities reflect how the Township did financially during 2005 and 2004, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the government activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources, such as property taxes.

In the statements of net assets and the statements of activities, the Township has one type of activity: Governmental activities. All of the Township's basic services are reported here, including fire, squad and cemetery. State and Federal grants and property taxes finance most of these activities. Benefits provided through Governmental activities are not necessarily paid for by the people receiving them.

Deerfield Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2005 and 2004  
 (Unaudited)

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds - not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purposes. The funds of the Township are contained in one category:

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Special Levy-Fire and Special Levy-Squad. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1A provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

TABLE 1A		
	<u>2005</u>	<u>2004</u>
Restricted for		
Debt Service	\$	\$
Capital Outlay		
Permanent Funds		
Expendable	7,386.69	7,186.29
Nonexpendable	3,525.00	3,525.00
Other Purposes	251,963.97	303,265.32
Unrestricted	<u>106,936.39</u>	<u>88,186.97</u>
Total Net Assets	<u>\$369,812.05</u>	<u>\$402,163.58</u>

As mentioned previously, net assets of governmental activities decreased \$32,351.53 or 8 % during 2005. The primary reasons contributing to the decrease in cash balances were the 2005 paving and improvements on the roads which totaled \$43,950.27, used in combination with the \$18,500 Issue II Grant and the purchase of 10 sets of Fireman Turn Out Gear and other fire equipment in the amount of \$21,961.39 and new equipment for the Squad in the amount of \$6,057.50.

Deerfield Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2005 and 2004  
 (Unaudited)

**The Township as a Whole** (continued)

Table 1B provides a summary of the Township's net assets for 2004 compared to 2003 on a modified cash basis:

TABLE 1B		
	<u>2004</u>	<u>2003</u>
Restricted for		
Debt Service	\$	\$
Capital Outlay		
Permanent Funds		
Expendable	7,186.29	6,995.70
Nonexpendable	3,525.00	3,525.00
Other Purposes	303,265.32	300,856.09
Unrestricted	<u>88,186.97</u>	<u>36,453.18</u>
Total Net Assets	<u><u>\$402,163.58</u></u>	<u><u>\$347,829.97</u></u>

As mentioned previously, net assets of governmental activities increased \$54,333.61, or 15.62 % during 2004. The primary reason contributing to the increase in cash balances was the estate tax distribution in the amount of \$59,850.28 during 2004.

Deerfield Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2005 and 2004  
 (Unaudited)

**The Township as a Whole** (continued)

Table 2 reflects the changes in net assets in 2004 to 2005.

(Table 2)  
 Changes in Net Assets

	Governmental Activities <u>2004</u>	Governmental Activities <u>2005</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 8,635	\$ 16,123
Operating Grants and Contributions	84,230	102,571
Capital Grants and Contributions	<u>        </u>	<u>26,750</u>
Total Program Receipts	<u>92,865</u>	<u>145,444</u>
General Receipts:		
Property and Other Local Taxes	71,941	70,732
Grants and Entitlements Not Restricted To Specific Programs	113,132	50,976
Interest	2,945	9,310
Miscellaneous	<u>2,157</u>	<u>1,749</u>
Total General Receipts	<u>190,175</u>	<u>132,767</u>
Special Items	<u>3,175</u>	<u>0</u>
Total Receipts	<u>286,215</u>	<u>278,211</u>
Disbursements:		
General Government	97,564	100,337
Public Safety	36,620	35,312
Public Works	49,350	38,187
Health	26,949	37,577
Capital Outlay	15,880	93,846
Principal Retirement	4,674	4,674
Interest and Fiscal Charges	<u>844</u>	<u>630</u>
Total Disbursements	<u>231,881</u>	<u>310,563</u>
Increase (Decrease) in Net Assets	54,334	(32,352)
Net Assets, January 1 <sup>st</sup>	<u>347,830</u>	<u>402,164</u>
Net Assets, December 31 <sup>st</sup>	<u>\$402,164</u>	<u>\$369,812</u>

Deerfield Township  
Ross County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
(Unaudited)

**The Township as a Whole** (continued)

For 2005, program receipts represent only 52.2 % (approximate) of total receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax money. In 2004, program receipts represent only 32.4 % (approximate) of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

For 2005, general receipts represent 47.7 % (approximate) of the Township's total receipts, and of this amount, over 53.2 % are local taxes. State and Federal grants and entitlements make up the balance of the Township's general receipts (approximately 38.3 %). Other receipts are very insignificant and somewhat unpredictable revenue sources. Interest revenue increased significantly due to the Clerk negotiating a better rate of interest on the checking account with the Clarksburg Commercial Bank. In 2004, general receipts represent 66.4 % (approximate) of the Township's total receipts, and of this amount, over 37.8 % are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (approximately 59.4 %). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the sum costs of the Board of Trustees, Clerk, the auditor, treasurer, maintaining the Town Hall, as well as internal services, such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to under 42% of General Fund unrestricted receipts.

Public Safety is the costs of fire and emergency squad protection; Health is the cemetery department; and Public Works is the cost of maintaining the roads. Principal and Interest are the debt payments on the Fire Truck.

**Governmental Activities**

If you look at the Statements of Activities on pages 13 and 21, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2005 are for general government and capital outlay, which account for approximately 32 % and 30 % of all governmental disbursements, respectively. For 2004, the major program disbursements for governmental activities are for general government and public works, which account for approximately 42 % and 21 % of all governmental disbursements, respectively.

The next three columns of the Statement, entitled Program Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. Comparisons between the total cost of services and the net cost of services for 2005 and 2004 are presented in Table 3.

Deerfield Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2005 and 2004  
 (Unaudited)

**Governmental Activities** (continued)

(Table 3)  
 Governmental Activities

	Total Cost Of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
General Government	\$100,337	\$ 98,419	\$ 97,564	\$ 97,444
Public Safety	35,312	20,497	36,620	36,620
Public Works	38,187	(78,300)	49,350	(34,880)
Health	37,577	25,353	26,949	18,434
Capital Outlay	93,846	93,846	15,880	15,880
Principal Retirement	4,674	4,674	4,674	4,674
Interest and Fiscal Charges	<u>630</u>	<u>630</u>	<u>844</u>	<u>844</u>
Total Expenses	<u>\$310,563</u>	<u>\$165,119</u>	<u>\$231,881</u>	<u>\$139,016</u>

The dependence upon general receipts is apparent, as approximately 40 % for 2005 and 42.7 % for 2004 of governmental activities are supported through these and would not be available without revenue such as property tax and grants and entitlements.

**The Township's Funds**

For 2005, total governmental funds had receipts of \$278,201.61 and disbursements of \$310,563.14. The greatest change within governmental funds occurred within the Motor Vehicle License Tax. \$25,225.74 was used for paving in combination with the Issue II grant. For 2004, total governmental funds had receipts of \$286,214.54 and disbursements of \$231,880.93. The greatest change occurred within the General Fund. The fund balance of the General Fund increased \$51,733.79 as a result of unanticipated estate tax revenue.

For 2005, General Fund receipts were more than disbursements by \$18,739.42, and for 2004, General Fund receipts were more than disbursements by \$48,516.72, indicating that the General Fund is in a sound financial state. Close budgeting in the future will need to be exercised in order to keep spending below receipts. The possibility of making repairs to the Town Hall would be a major drain on these temporary reserves without generating revenue through rental to cover the cost of maintaining the building in a safe and sound condition. The Trustees will be considering demolition over renovation in the coming year. Rising health insurance costs will also be a significant disbursement without an additional revenue source to cover these costs. Both of these items will be watched carefully.

For 2005, the Fire, Squad and Cemetery Levy Funds all spent more than received, but the capital outlay of equipment that is not an annual expenditure accounts for this and does not indicate any serious funding problem. The FEMA Fire Grant will accomplish many of the new equipment goals. The costs for upkeep on the current gear will be budgeted carefully.



Deerfield Township  
Ross County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
(Unaudited)

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During 2005 and 2004, the Township amended its General Fund budget several times to reflect changing circumstances. For 2005, final budgeted receipts were over original budgeted receipts due to revenues received right at year end. The difference between final budgeted receipts and actual receipts was less than 3% and, therefore, is not significant. For 2004, final budgeted receipts were over original budgeted receipts due to an unexpected estate tax revenue. The difference between final budgeted receipts and actual receipts were significant only because of the estate tax revenue.

For 2004, final disbursements were budgeted at \$86,008.00, while actual disbursements were \$53,270.62. For 2005, final disbursements were budgeted at \$93,500.00, while actual disbursements were \$71,838.56. Although receipts exceeded expectations, appropriations were not increased in order to spend the unanticipated revenue. The Township kept spending below budgeted amounts as demonstrated by the reported variances. The result is in the increases in the fund balance of \$18,194.42 for 2005 and \$48,709.79 for 2004.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure. Acquisitions of property, plant and equipment are recorded as disbursements when paid. Equipment is tracked as a matter of business by an annual inventory by each department.

**Debt**

At December 31, 2005, the Township's outstanding debt was \$4,674 for the Fire Department Tanker Truck in a bank note to the Clarksburg Commercial Bank. The revenue for the payment is generated through the fire levy. The final payment will be made in 2006.

For further information regarding the Township's debt, refer to Note 10 in the basic financial statements.

Deerfield Township  
Ross County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
(Unaudited)

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking, funding. We rely heavily on Local Government and Local Governmental Revenue Assistance and have very little industry to support the tax base. The Town Hall building and rising health insurance costs will be our major focus over the next five years. Our Fire Department is growing out of its current building and the need to use the Town Hall property for a new Fire Hall is gaining local support. Our Squad Department is currently challenged by having too few active EMT members to operate during the day and sometimes in the evening hours. The new EMT Coordinator has done a good job of encouraging our current members and recruiting new members. Three new members will be testing in 2006. Interaction between the Squad and Fire Departments has improved greatly.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Trina B. Martin, Clerk, Deerfield Township, P O Box 177, Clarksburg, OH 43115.

Deerfield Township  
Ross County, Ohio

Statement of Net Assets - Modified Cash Basis  
December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$366,287
Investments	<u>3,525</u>
Total Assets	<u>\$369,812</u>
NET ASSETS	
Restricted:	
Other Purposes	\$262,876
Unrestricted	<u>106,936</u>
Total Net Assets	<u>\$369,812</u>

Deerfield Township  
Ross County, Ohio

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>For Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:				
General Government	\$100,337	\$ 1,918	\$	\$ (98,419)
Public Safety	35,312	733	6,082	(20,497)
Public Works	38,187	3,457	94,280	78,300
Health	37,577	10,015	2,209	(25,353)
Capital Outlay	93,846			(93,846)
Debt Service:				
Principal	4,674			(4,674)
Interest	<u>630</u>	<u>          </u>	<u>          </u>	<u>(630)</u>
Total Governmental Activities	\$310,563	\$16,123	\$102,571	\$(165,119)
General Receipts:				
Property Taxes				70,732
Grants and Entitlements not Restricted to Specific Programs				50,976
Earnings on Investments				9,310
Miscellaneous				<u>1,749</u>
Total General Receipts				<u>132,767</u>
Change in Net Assets				(32,352)
Net Assets-Beginning of the Year				<u>402,164</u>
Net Assets-End of the Year				<u>\$ 369,812</u>

Deerfield Township  
Ross County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Levy Fire</u>	<u>Special Levy Emergency Squad</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Assets</u>
Equity in Pooled Cash and Cash Equivalents	\$106,936	\$65,675	\$39,353	\$50,387	\$103,936	\$366,287
Investments	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>3,525</u>	<u>3,525</u>
Total Assets	<u>\$106,936</u>	<u>\$65,675</u>	<u>\$39,353</u>	<u>\$50,387</u>	<u>\$107,461</u>	<u>\$369,812</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	\$ 555	\$	\$	\$	\$	\$ 555
Unreserved:						
Undesignated, Reported in:						
General Fund	106,381					106,381
Special Revenue Funds		65,675	39,353	50,387	96,549	251,964
Permanent Funds	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>10,912</u>	<u>10,912</u>
Total Fund Balances	<u>\$106,936</u>	<u>\$65,675</u>	<u>\$39,353</u>	<u>\$50,387</u>	<u>\$107,461</u>	<u>\$369,812</u>

Deerfield Township  
Ross County, Ohio

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Levy Fire</u>	<u>Special Levy Emergency Squad</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:						
Property & Other Local Taxes	\$ 9,440	\$	\$20,049	\$11,728	\$ 29,515	\$ 70,732
Charges for Services				500		500
License, Permits and Fees	233				7,250	7,483
Intergovernmental	50,976	77,233	11,536	1,628	38,005	179,378
Earnings on Investments	7,149	1,391			770	9,310
Miscellaneous	<u>3,667</u>	<u>3,457</u>	<u>893</u>	<u>25</u>	<u>2,766</u>	<u>10,808</u>
Total Receipts	<u>71,465</u>	<u>82,081</u>	<u>32,478</u>	<u>13,881</u>	<u>78,306</u>	<u>278,211</u>
Disbursements:						
Current:						
General Government	52,159	45,312	2,866			100,337
Public Safety			20,367	14,945		35,312
Public Works		17,876			20,311	38,187
Health					37,577	37,577
Capital Outlay	557	13,499	21,961	6,058	51,771	93,846
Debt Service:						
Principal Retirement					4,674	4,674
Interest and Fiscal Charges			<u>69</u>		<u>561</u>	<u>630</u>
Total Disbursements	<u>52,716</u>	<u>76,687</u>	<u>45,263</u>	<u>21,003</u>	<u>114,894</u>	<u>310,563</u>
Net Change in Fund Balance	18,749	5,394	(12,785)	(7,122)	(36,588)	(32,352)
Fund Balances, January 1	<u>88,187</u>	<u>60,281</u>	<u>52,138</u>	<u>57,509</u>	<u>144,049</u>	<u>402,164</u>
Fund Balances, December 31	<u>\$106,936</u>	<u>\$65,675</u>	<u>\$39,353</u>	<u>\$50,387</u>	<u>\$107,461</u>	<u>\$369,812</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$ 10,265	\$ 9,440	\$ 9,440	\$
Licenses, Permits and Fees	504	233	233	
Intergovernmental	45,474	50,976	50,976	
Earnings on Investments	2,145	6,494	7,149	655
Miscellaneous	<u>3,516</u>	<u>2,932</u>	<u>3,667</u>	<u>735</u>
Total Receipts	<u>61,904</u>	<u>70,075</u>	<u>71,465</u>	<u>1,390</u>
Disbursements:				
Current:				
General Government	68,167	75,010	52,714	22,296
Capital Outlay	<u>17,841</u>	<u>10,998</u>	<u>557</u>	<u>10,441</u>
Total Disbursements	<u>86,008</u>	<u>86,008</u>	<u>53,271</u>	<u>32,737</u>
Net Change in Fund Balance	(24,104)	(15,933)	18,194	34,127
Fund Balance, January 1	<u>88,187</u>	<u>88,187</u>	<u>88,187</u>	
Fund Balance, December 31	<u>\$ 64,083</u>	<u>\$ 72,254</u>	<u>\$106,381</u>	<u>\$ 34,127</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ 48,433	\$ 73,230	\$ 77,233	\$ 4,003
Earnings on Investments	414	1,245	1,391	146
Miscellaneous	<u>          </u>	<u>1,490</u>	<u>3,457</u>	<u>1,967</u>
Total Receipts	<u>48,847</u>	<u>75,965</u>	<u>82,081</u>	<u>6,116</u>
Disbursements:				
Current:				
General Government	43,580	47,526	45,312	2,214
Public Works	47,000	38,954	17,876	21,078
Capital Outlay	<u>          </u>	<u>14,100</u>	<u>13,499</u>	<u>601</u>
Total Disbursements	<u>90,580</u>	<u>100,580</u>	<u>76,687</u>	<u>23,893</u>
Net Change in Fund Balances	(41,733)	(24,615)	5,394	30,009
Fund Balance, January 1	<u>60,281</u>	<u>60,281</u>	<u>60,281</u>	<u>          </u>
Fund Balance, December 31	<u>\$ 18,548</u>	<u>\$ 35,666</u>	<u>\$ 65,675</u>	<u>\$ 30,009</u>



Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Special Levy-Fire  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 19,832	\$ 20,049	\$ 20,049	\$
Intergovernmental	3,419	11,536	11,536	
Miscellaneous	<u>          </u>	<u>893</u>	<u>893</u>	<u>          </u>
Total Receipts	<u>23,251</u>	<u>32,478</u>	<u>32,478</u>	<u>          </u>
Disbursements:				
Current:				
General Government	7,750	2,866	2,866	
Public Safety	40,550	33,376	20,367	13,009
Capital Outlay	11,000	27,988	21,961	6,027
Interest	<u>          </u>	<u>70</u>	<u>69</u>	<u>1</u>
Total Disbursements	<u>59,300</u>	<u>64,300</u>	<u>45,263</u>	<u>19,037</u>
Net Change in Fund Balance	(36,049)	(31,822)	(12,785)	19,037
Fund Balance, January 1	<u>52,138</u>	<u>52,138</u>	<u>52,138</u>	<u>          </u>
Fund Balance, December 31	<u>\$ 16,089</u>	<u>\$ 20,316</u>	<u>\$ 39,353</u>	<u>\$ 19,037</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Special Levy Emergency Squad  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 11,600	\$ 11,728	\$ 11,728	\$
Charges for Services		500	500	
Intergovernmental	1,217	1,628	1,628	
Miscellaneous	<u>          </u>	<u>      25</u>	<u>      25</u>	<u>          </u>
Total Receipts	<u>  12,817</u>	<u>  13,881</u>	<u>  13,881</u>	<u>          </u>
Disbursements:				
Current:				
Public Safety	27,270	35,270	14,945	20,325
Capital Outlay	<u>  5,000</u>	<u>  7,000</u>	<u>  6,058</u>	<u>  942</u>
Total Disbursements	<u>  32,270</u>	<u>  42,270</u>	<u>  21,003</u>	<u>  21,267</u>
Net Change in Fund Balance	(19,453)	(28,389)	(7,122)	21,267
Fund Balance, January 1	<u>  57,509</u>	<u>  57,509</u>	<u>  57,509</u>	<u>          </u>
Fund Balance, December 31	<u>  \$ 38,056</u>	<u>  \$ 29,120</u>	<u>  \$ 50,387</u>	<u>  \$ 21,267</u>

Deerfield Township  
Ross County, Ohio

Statement of Net Assets - Modified Cash Basis  
December 31, 2004

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$398,639
Investments	<u>3,525</u>
Total Assets	<u>\$402,164</u>
NET ASSETS	
Restricted:	
Other Purposes	\$313,977
Unrestricted	<u>88,187</u>
Total Net Assets	<u>\$402,164</u>

Deerfield Township  
Ross County, Ohio

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>For Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:				
General Government	\$ 97,564	\$ 120	\$	\$ (97,444)
Public Safety	36,620			(36,620)
Public Works	49,350		84,230	34,880
Health	26,949	8,515		(18,434)
Capital Outlay	15,880			(15,880)
Debt Service:				
Principal	4,674			4,674
Interest	<u>844</u>	<u>      </u>	<u>      </u>	<u>844</u>
Total Governmental Activities	\$231,881	\$ 8,635	\$ 84,230	\$ (139,016)
General Receipts:				
Property Taxes				71,941
Grants and Entitlements not Restricted to Specific Programs				113,132
Earnings on Investments				2,945
Miscellaneous				<u>2,157</u>
Total General Receipts				<u>190,175</u>
Special Items				<u>3,175</u>
Total General Receipts and Special Items				193,350
Changes in Net Assets				54,334
Net Assets-Beginning of the Year				<u>347,830</u>
Net Assets-End of the Year				<u>\$ 402,164</u>

Deerfield Township  
Ross County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Levy Fire</u>	<u>Special Levy Emergency Squad</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Assets</u>
Equity in Pooled Cash and Cash Equivalents	\$ 88,187	\$60,281	\$52,138	\$57,509	\$140,524	\$398,639
Investments	_____	_____	_____	_____	3,525	3,525
Total Assets	<u>\$ 88,187</u>	<u>\$60,281</u>	<u>\$52,138</u>	<u>\$57,509</u>	<u>\$144,049</u>	<u>\$402,164</u>
Fund Balances:						
Unreserved:						
Undesignated, Reported in:						
General Fund	88,187					88,187
Special Revenue Funds		60,281	52,138	57,509	133,338	303,266
Permanent Funds	_____	_____	_____	_____	10,711	10,711
Total Fund Balances	<u>\$ 88,187</u>	<u>\$60,281</u>	<u>\$52,138</u>	<u>\$57,509</u>	<u>\$144,049</u>	<u>\$402,164</u>

Deerfield Township  
Ross County, Ohio

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Levy Fire</u>	<u>Special Levy Emergency Squad</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:						
Property and Local Taxes	\$ 10,265	\$	\$17,621	\$11,739	\$ 32,316	\$ 71,941
License, Permits and Fees	50				6,025	6,075
Intergovernmental	104,842	68,092	3,120	1,599	19,708	197,361
Earnings on Investments	2,146	414			385	2,945
Miscellaneous	<u>3,245</u>		<u>1,178</u>	<u>980</u>	<u>2,490</u>	<u>7,893</u>
Total Receipts	<u>120,548</u>	<u>68,506</u>	<u>21,919</u>	<u>14,318</u>	<u>60,924</u>	<u>286,215</u>
Disbursements:						
Current:						
General Government	53,833	41,000	2,731			97,564
Public Safety			24,718	11,902		36,620
Public Works	18	28,057			21,275	49,350
Health	2,108				24,841	26,949
Capital Outlay	15,880					15,880
Debt Service:						
Principal Retirement					4,674	4,674
Interest and Fiscal Charges					<u>844</u>	<u>844</u>
Total Disbursements	<u>71,839</u>	<u>69,057</u>	<u>27,449</u>	<u>11,902</u>	<u>51,634</u>	<u>231,881</u>
Net Change in Fund Balance	48,709	(551)	(5,530)	2,416	9,290	54,334
Fund Balances, January 1	<u>39,478</u>	<u>60,832</u>	<u>57,668</u>	<u>55,093</u>	<u>134,759</u>	<u>347,830</u>
Fund Balances, December 31	<u>\$ 88,187</u>	<u>\$60,281</u>	<u>\$52,138</u>	<u>\$57,509</u>	<u>\$144,049</u>	<u>\$402,164</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 11,191	\$ 10,265	\$ 10,265	\$
Licenses, Permits and Fees		50	50	
Intergovernmental	46,665	104,842	104,842	
Earnings on Investments	2,000	1,952	2,146	194
Miscellaneous	<u>2,000</u>	<u>3,245</u>	<u>3,245</u>	<u>          </u>
Total Receipts	<u>61,856</u>	<u>120,354</u>	<u>120,548</u>	<u>194</u>
Disbursements:				
Current:				
General Government	69,780	70,500	53,833	16,667
Public Works	200	200	18	182
Health	3,800	3,800	2,108	1,692
Capital Outlay	<u>1,000</u>	<u>19,000</u>	<u>15,880</u>	<u>3,120</u>
Total Disbursements	<u>74,780</u>	<u>93,500</u>	<u>71,839</u>	<u>21,661</u>
Excess of Receipts Over (Under) Disbursements	(12,926)	26,854	48,709	21,855
Other Financing Sources (Uses)				
Transfers In	<u>(10,000)</u>	<u>(10,000)</u>	<u>          </u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>          </u>	<u>10,000</u>
Net Change in Fund Balance	(22,926)	16,854	48,709	31,855
Fund Balance, January 1	<u>39,478</u>	<u>39,478</u>	<u>39,478</u>	<u>          </u>
Fund Balance, December 31	<u>\$ 16,552</u>	<u>\$ 56,332</u>	<u>\$ 88,187</u>	<u>\$ 31,855</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 47,863	\$ 68,092	\$ 68,092	\$
Earnings on Investments	<u>500</u>	<u>380</u>	<u>414</u>	<u>34</u>
Total Receipts	<u>48,363</u>	<u>68,472</u>	<u>68,506</u>	<u>34</u>
Disbursements:				
Current:				
General Government	44,500	44,500	41,000	3,500
Public Works	<u>52,600</u>	<u>52,600</u>	<u>28,057</u>	<u>24,543</u>
Total Disbursements	<u>97,100</u>	<u>97,100</u>	<u>69,057</u>	<u>28,043</u>
Net Change in Fund Balances	(48,737)	(28,628)	(551)	28,077
Fund Balance, January 1	<u>60,832</u>	<u>60,832</u>	<u>60,832</u>	_____
Fund Balance, December 31	<u>\$ 12,095</u>	<u>\$ 32,204</u>	<u>\$ 60,281</u>	<u>\$ 28,077</u>



Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Special Levy-Fire  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 15,213	\$ 17,621	\$ 17,621	\$
Intergovernmental	500	3,120	3,120	
Miscellaneous	<u>          </u>	<u>1,178</u>	<u>1,178</u>	<u>          </u>
Total Receipts	<u>15,713</u>	<u>21,919</u>	<u>21,919</u>	<u>          </u>
Disbursements:				
Current:				
General Government	6,650	6,650	2,731	3,919
Public Safety	40,750	44,644	24,718	19,926
Capital Outlay	<u>14,500</u>	<u>14,500</u>	<u>          </u>	<u>14,500</u>
Total Disbursements	<u>61,900</u>	<u>65,794</u>	<u>27,449</u>	<u>38,345</u>
Net Change in Fund Balance	(46,187)	(43,875)	(5,530)	38,345
Fund Balance, January 1	53,774	53,774	53,774	
Prior Year Encumbrances Appropriated	<u>3,894</u>	<u>3,894</u>	<u>3,894</u>	<u>          </u>
Fund Balance, December 31	<u>\$ 11,481</u>	<u>\$ 13,793</u>	<u>\$ 52,138</u>	<u>\$ 38,345</u>

Deerfield Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Special Levy-Emergency Squad  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 12,700	\$ 11,739	\$ 11,739	\$
Intergovernmental	200	1,599	1,599	
Miscellaneous	<u>          </u>	<u>980</u>	<u>980</u>	<u>          </u>
Total Receipts	<u>12,900</u>	<u>14,318</u>	<u>14,318</u>	<u>          </u>
Disbursements:				
Current:				
Public Safety	<u>44,200</u>	<u>44,260</u>	<u>11,902</u>	<u>32,358</u>
Total Disbursements	<u>44,200</u>	<u>44,260</u>	<u>11,902</u>	<u>32,358</u>
Net Change in Fund Balance	(31,300)	(29,942)	2,416	32,358
Fund Balance, January 1	55,033	55,033	55,033	
Prior Year Encumbrances Appropriated	<u>60</u>	<u>60</u>	<u>60</u>	<u>          </u>
Fund Balance, December 31	<u>\$ 23,793</u>	<u>\$ 25,151</u>	<u>\$ 57,509</u>	<u>\$ 32,358</u>

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 1 REPORTING 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 also has an elected Township Fiscal Officer.

**A Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including maintenance of Township roads and bridges, cemetery maintenance, zoning, Fire and EMS services. Police protection is provided by the Ross County Sheriff.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A Basis of Presentation**

The Township's basic financial statements consist of government wide financial statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**1 Government Wide Financial Statements**

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements reflect that the Township's funds are all governmental and none are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**1 Government Wide Financial Statements** (continued)

The statements of net assets present the cash and investment balances of the governmental activities of the Township at year end. The statements of activities compare disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self financing on a cash basis or draws from the Township's general receipts.

**2 Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

**B Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

**1 Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Special Levy-Fire and Special Levy-Emergency Squad funds.

**General Fund**

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Gasoline Tax Fund**

This fund receives gasoline tax monies to pay for constructing, maintaining and repairing the Township's roads.

**Special Levy-Fire Fund**

This fund receives tax monies for the purpose of providing fire and rescue service for the Township by managing the wages of the Chief and Assistant Chief and providing funding for training, maintenance, repair, improvements, and capital outlay of the fire equipment and fire hall and related services.

**Special Levy-Emergency Squad Fund**

This fund receives tax monies for the purpose of providing emergency medical service for the Township by funding the wages of the EMT Coordinator and Assistant EMT Coordinator and providing funding for training, maintenance, repair, improvements and capital outlay of the emergency equipment, the building used to house the department and related services.

**C Basis of Accounting**

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Townships' financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D Budgetary Process**

All 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 fund, department and object level for all funds.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D Budgetary Process (continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimates 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 ordinance 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 ordinance 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.

**E Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at a time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

The Township had one certificate of deposit which was the combined total of the nonexpendable balance in the cemetery bequest funds that did not have their own investment. The interest, which is posted to the fund by receipt into the checking account, is expendable.

750 shares of Clarksburg Commercial Bank stock (later known as Deerfield Bankshares) is held by the McGhee Cemetery Bequest Fund. The dividends are paid annually, deposited into the money market checking account and posted to the fund.

The Waggaman Cemetery Bequest Fund has a \$500 savings bond. The original bond is in the Township's safe deposit box. Interest is deposited directly into the money market checking on an annual basis and is posted to the fund.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E Cash and Investments** (continued)

Interest earnings from the money market checking account are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund were \$7,149 during 2005 and \$2,146 during 2004, which include interest assigned from other Township funds.

**F Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has ten Cemetery Bequest funds that are restricted. The principal cannot be spent but the interest earned can be used for the care and maintenance of the grave and/or headstones.

**G Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H Capital Assets**

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

**I Long-Term Obligations**

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**J Accumulated Leave**

The Township does not have any full-time employees. The Township's one year-round employee is hired on an annual basis and does not accumulate any unpaid leave of any kind. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

**K Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation for future use. An unreserved fund balance indicates that a portion of the fund balance is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L Interfund Receivables/Payables**

The Township reports transfers in and transfers out between funds for the exchange of cash from one fund to another. The Township reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. No transfers or advances between funds took place in 2005 and 2004.

**M Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and post retirement health care benefits.

**N Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted or unrestricted net assets are available. Restricted net assets represent \$262,876 of a total fund balance of \$369,812 in 2005 and \$313,977 of a total fund balance of \$402,164 in 2004.

**NOTE 3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Prior to 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the years ended December 31, 2005 and 2004, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column rather than a column for each fund type. This implementation did not have any impact on the fund balances of the township.

**NOTE 4 BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis that are presented for the General, Gasoline Tax, Special Levy-Fire, and Special Levy-Emergency Squad funds were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis of accounting is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at December 31, 2005 (budgetary basis) amounted to \$555, all from the general fund.



Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 5 DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township 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 Trustees have identified as not required for use within the current five 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 % and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 5 DEPOSITS AND INVESTMENTS** (continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), and by collateral pledged to the Township 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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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 Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2005, the Township had no money in undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits

At December 31, 2005 and 2004, the carrying amounts of the Township's deposits were \$369,812 and \$398,639, respectively; and the bank balances were \$374,568 and \$407,069, respectively. Of the bank balances at December 31, 2005 and 2004, \$100,000 was covered by the Federal Depository Insurance and \$0 were uninsured and uncollateralized. As of December 31, 2005 and 2004, the Clarksburg Commercial Bank held pledged securities in the amount of \$360,160 and \$395,000, respectively. All monies up to \$3,958,000 of Deerfield Township are protected by the Memorandum of Agreement for Deposit of Public Fund with the Clarksburg Commercial Bank. Although all State statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and 2004, \$0 of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township 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 and deposited with the Township 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 in the financial institution whose market value at all times shall be at least 105 % of the deposits secured.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 5 DEPOSITS AND INVESTMENTS** (continued)

Investments

As of December 31, 2005 and 2004, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit	\$2,425	01/29/2006
US Savings Bond	500	07/31/2012
750 Deerfield Bankshares	<u>600</u>	02/03/2050
Total Investments	<u>\$3,525</u>	

**Deposits:** Certificate of Deposit is either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

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

Due to the nature of the investments held, the Township is not required by Ohio law to have an investment policy.

**NOTE 6 PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established..

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 % of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property tax receipts received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 6 PROPERTY TAX** (continued)

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25% of true value for capital assets and 23% for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005 and 2004, was \$7.90, per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based as follows:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential	\$6,285,580	\$5,644,380
Agriculture	3,847,930	5,287,150
Commercial/Industrial/Mineral	337,500	337,500
Public Utility Property		
Real		
Personal	1,068,440	1,087,890
Tangible Personal Property	<u>68,830</u>	<u>76,520</u>
Total Assessed Value	<u>\$11,608,280</u>	<u>\$12,443,440</u>

**NOTE 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 2004 and the four months ended April 30, 2005, the Township contracted with the Ohio Prime to provide property, liability, and wrongful acts as follows:

Legal Liability	\$1,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Wrongful Acts	1,000,000	Per Occurrence
Property	605,688	Total Coverage

Effective May 1, 2005, 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 7 RISK MANAGEMENT** (continued)

Coverage provided by OTARMA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	705,830	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Casualty Coverage

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. Townships can elect additional coverage from \$2,000,000 to \$12,000,000 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 a per claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions. The Township was not covered by OTARMA in 2004.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate stop loss limit for 2005 was \$1,682,589.

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

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained Earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 9,177,796	\$ 7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained Earnings	<u>\$ 7,771,765</u>	<u>\$ 7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Townships's share of these unpaid claims is approximately \$7,488.

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over a 5 year period at the rate of 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under this plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 8 DEFINED BENEFIT PENSION PLAN** (continued)

Ohio Public Employees Retirement System (continued)

For the years ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5% of their annual covered salaries. The Township's pension contributions were 13.55% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$17,036, \$15,997, and \$15,316, respectively. The full amount has been contributed for 2005, 2004, and 2003. Contributions to the member-directed plan for 2005 were \$9,889 made by the Township and \$7,147 made by the plan members. \$944 of the member's contribution was the supplemental purchase of elective time by a trustee.

**NOTE 9 POST EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post retirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55% of covered payroll; 4% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1% and 6% annually for the next eight years and 4% annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund post employment benefits were \$24,687. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Deerfield Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005 and 2004

**NOTE 10 DEBT**

Debt outstanding at December 31, 2005, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$4,674	6%

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

Amortization of the debt, including interest, is scheduled as follows at December 31, 2005:

Year Ending December 31, 2006	<u>\$4,954</u>
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Van Krevel & Company  
Certified Public Accountants  
5201 Indian Hill Road  
Dublin, Ohio 43017  
614-761-3743

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Deerfield Township, Ross County (the Township) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 25, 2006, wherein we noted that the Township revised its financial statements for 2005 and 2004, making them comparable to the requirements of Governmental Auditing Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We conducted our audits 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 the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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 operations that we consider to be material weaknesses.

Deerfield Township  
Ross County, Ohio  
Report on Internal Control Over Financial Reporting and on  
Compliance with Other Matters Based on an Audit of Financial Statements  
Performed in accordance with *Government Auditing Standards*

#### Compliance and Other Matters

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, contract and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

/s/ Van Krevel & Company  
Dublin, Ohio

October 25, 2006



Mary Taylor, CPA  
Auditor of State

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 10, 2007