

**FAIRFIELD TOWNSHIP**  
*BUTLER COUNTY, OHIO*

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2015**





# Dave Yost • Auditor of State

Board of Township Trustees  
Fairfield Township  
6032 Morris Road  
Hamilton, Ohio 45011

We have reviewed the *Independent Auditor's Report* of Fairfield Township, Butler County, prepared by Bastin & Company, LLC, for the audit period January 1, 2015 through December 31, 2015. 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. Fairfield Township is responsible for compliance with these laws and regulations.

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Dave Yost  
Auditor of State

June 29, 2016

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**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Fairfield Township  
Butler County  
6032 Morris Road  
Hamilton, Ohio 45011

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Fairfield Township, Butler County, (the Township) as of and for the year ended December 31, 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principle***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Fairfield Township, Butler County as of December 31, 2015, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a white background.

Cincinnati, Ohio  
May 15, 2016

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 106,272	\$ 3,885,139	\$ -	\$ 3,991,411
Intergovernmental	1,023,763	1,081,852	10,061	2,115,676
Special Assessments	-	131,879	-	131,879
Payments in Lieu of Taxes	-	2,414,418	135,980	2,550,398
Charges for Services	-	538,892	-	538,892
Licenses, Permits and Fees	299,357	8,042	-	307,399
Fines and Forfeitures	19,830	13,238	-	33,068
Earnings on Investments	7,669	239	-	7,908
Miscellaneous	8,435	79,808	-	88,243
<i>Total Cash Receipts</i>	<u>1,465,326</u>	<u>8,153,507</u>	<u>146,041</u>	<u>9,764,874</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	752,186	582,827	-	1,335,013
Public Safety	-	4,932,417	-	4,932,417
Public Works	40,202	877,795	-	917,997
Health	9,518	-	-	9,518
Conservation/Recreation	1,955	-	-	1,955
Capital Outlay	14,612	124,707	35,917	175,236
Debt Service:				
Principal Retirement	-	5,580,000	-	5,580,000
Interest and Fiscal Charges	-	451,038	-	451,038
<i>Total Cash Disbursements</i>	<u>818,473</u>	<u>12,548,784</u>	<u>35,917</u>	<u>13,403,174</u>
Excess of Receipts Over/(Under) Disbursements	<u>646,853</u>	<u>(4,395,277)</u>	<u>110,124</u>	<u>(3,638,300)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Notes	-	5,000,000	-	5,000,000
Premium on Sale of Notes	-	33,250	-	33,250
Issuance Costs on Sale of Notes	-	(29,328)	-	(29,328)
Transfers-In	-	452,000	-	452,000
Transfers-Out	(402,000)	(50,000)	-	(452,000)
Advances-In	677,500	567,000	-	1,244,500
Advances Out	(567,000)	(677,500)	-	(1,244,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(291,500)</u>	<u>5,295,422</u>	<u>-</u>	<u>5,003,922</u>
<i>Net Change in Fund Cash Balances</i>	355,353	900,145	110,124	1,365,622
<i>Fund Cash Balances, January 1</i>	<u>4,311,251</u>	<u>5,652,355</u>	<u>5,646,597</u>	<u>15,610,203</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted	-	6,552,500	5,756,721	12,309,221
Assigned	25,940	-	-	25,940
Unassigned	4,640,664	-	-	4,640,664
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,666,604</u>	<u>\$ 6,552,500</u>	<u>\$ 5,756,721</u>	<u>\$ 16,975,825</u>

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

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 Fairfield Township, Butler County, Ohio (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, fire protection, emergency medical services, and police protection.

*Blended Component Unit*

The Fairfield Township Community Improvement Corporation (CIC), a non-profit organization, is a five member board comprised of the three Township trustees, the Township fiscal officer, and one Township official. The CIC derives the major source of its revenues from Fairfield Township in the form of capital and cash contributions. The CIC works with the Township in many aspects of the overall adopted economic development strategy of the Township with its current efforts focused on facilitating industrial and retail development. Financial statements related to the CIC can be obtained from the Township Fiscal Officer. The cash activity for the CIC is reported as part of the Special Revenue fund type of the Township.

The Township participates in three joint ventures and a public entity risk pool. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

Joint Ventures:

Hamilton-Indian Springs Joint Economic Development Districts (JEDD I and JEDD II) - the Township entered into a contract with the City of Hamilton to create two Joint Economic Development Districts to enable long term expanded economic opportunity for the benefit of the combined region; and

Transportation Improvement District - the Township entered into a contract with Butler County and the City of Hamilton creating a Transportation Improvement District for the By-Pass 4 recovery zone improvement project.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) is a risk-sharing pool available to Ohio townships.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts 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 funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

*Police District Fund* - This fund receives tax money for the operation of the police department.

*Fire District Fund* - This fund receives tax money for the operation of the fire department.

*Princeton Road TIF Fund* - This fund receives property tax money for the debt retirement issued for the construction and development within the Princeton Road TIF District.

**3. Capital Projects Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

*Fairfield Township RID Project Fund* - This fund accumulates resources for construction within the Residential Improvement District.

*Fire Station Improvement Project Fund* - This fund received debt proceeds for the construction of a fire station and other improvements located within the Princeton Road TIF District.

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2015 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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 DEPOSITS AND INVESTMENTS**

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

Demand deposits - Township	\$14,867,327
Demand deposits - CIC	7,690
Money market deposit - Township	<u>2,100,808</u>
Total deposits	<u>\$16,975,825</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,105,260	\$ 2,142,826	\$ 37,566
Special Revenue	14,597,207	14,133,555	(463,652)
Capital Projects	146,041	146,041	-
Total	\$ 16,848,508	\$ 16,422,422	\$ (426,086)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,166,475	\$ 1,813,413	\$ 1,353,062
Special Revenue	17,484,542	13,265,565	4,218,977
Capital Projects	4,973,463	35,917	4,937,546
Total	\$ 25,624,480	\$ 15,114,895	\$ 10,509,585

Activity of the CIC, a blended component unit of the Township, is not presented in the tables above.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Township.

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

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds, Series 2006	\$3,025,000	4.00 - 4.40%
By-Pass 4, General Obligation Bonds, Series 2009	2,340,000	1.875 - 6.50%
Various Purpose Refunding Bonds, Series 2014	3,015,000	1.00 - 4.25%
Road and Fire Station Improvement Bond Anticipation Note, Series 2015	<u>5,000,000</u>	1.00%
Total	<u><u>\$13,380,000</u></u>	

During 2006, the Township issued \$4,360,000 of General Obligation Bonds, Series 2006, to finance infrastructure improvements in the Township and land acquisitions necessary for those improvements. The bonds will be repaid in annual installments, with interest at rates ranging from 4.00% to 4.40%. The Township intends to pay debt service on a portion of the bonds from service payments from tax increment financing districts.

During 2009, the Township entered into a joint venture with the City of Hamilton and Butler County on the By-Pass 4 Recovery Zone Transportation Improvement District (TID) debt issuance. Bonds were issued for a total of \$7,275,000, of which the Township was responsible for a portion totaling \$2,860,000. The bonds will be repaid in yearly installments, with interest at rates ranging from 1.875% to 6.50%. The bonds are subject to an interest credit from the Internal Revenue Service up to 45%.

During 2014, the Township issued \$3,055,000 Various Purpose Refunding Bonds, Series 2014. Proceeds and a portion of the bond premium were used to retire \$3,070,000 of the Series 2005 Bonds that were originally issued to finance improvements to Township roads. The Series 2014 bonds will be repaid in yearly installments, with interest at rates ranging from 1.00% to 4.25%. The Township intends to pay debt service on a portion of the bonds from service payments from tax increment financing districts.

During 2015, the Township issued \$5,000,000 Road and Fire Station Improvement Bond Anticipation Note, Series 2015. Proceeds from the note were used to retire a \$5,000,000 Road and Fire Station Improvement Bond Anticipation Note, Series 2014. Proceeds from the note are intended to finance the construction of a fire station and related improvements and paying the issuance costs. The Series 2015 note carries an interest rate of 1.00% and is due June 3, 2016.

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

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

Year ending December, 31:	General Obligation Bonds, Series 2006	By-Pass 4, General Obligation Bonds, Series 2009	Various Purpose Refunding Bonds, Series 2014	Road and Fire Station Improvement Bond Anticipation Note, Series 2015	Total
2016	\$ 330,745	\$ 253,919	\$ 401,013	\$ 5,049,861	\$ 6,035,538
2017	327,495	253,888	397,162	-	978,545
2018	328,885	253,188	396,163	-	978,236
2019	329,855	256,938	403,962	-	990,755
2020	330,180	255,018	404,213	-	989,411
2021-2025	1,644,802	1,271,731	1,606,850	-	4,523,383
2026-2029	655,920	1,021,575	-	-	1,677,495
Total	<u>\$ 3,947,882</u>	<u>\$ 3,566,257</u>	<u>\$ 3,609,363</u>	<u>\$ 5,049,861</u>	<u>\$ 16,173,363</u>

*Defeased Debt* - In addition to the debt described above, the Township has defeased a portion of the Series 2005 Bonds through the use of proceeds from the issuance of \$3,055,000 Series 2014 Various Purpose Refunding Bonds. Debt principal outstanding on the amounts defeased at December 31, 2015 totals \$3,015,000 and is not considered a debt of the Township, as assets placed with a trustee should provide sufficient resources to retire the defeased debt.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, OP&F participants contributed 11.50 percent of their wages from January 1, 2015 through to June 30, 2015 and 12.25 percent of their wages from July 1, 2015 through December 31, 2015. For 2015, the Township contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. For 2015, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. TRANSFERS**

During the year, the Township transferred \$400,000 from the General Fund to the Police District Fund to provide operating funds. In addition the General Fund and the Princeton Road TIF Fund transferred \$2,000 and \$50,000 respectively, to the CIC fund to provide startup and operating funds for CIC activities.

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**8. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Assets	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are ue for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$49,000.

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,

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

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>Year</u>	<u>Contribution</u>
2015	\$92,353
2014	87,823

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to 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.

**9. JOINT VENTURES**

The Township has entered into two separate contracts pursuant to the authority of Ohio Revised Code 715.72 through 715.81 with the City of Hamilton to create the following Joint Economic Development Districts (JEDD):

- Hamilton-Indian Springs Joint Economic Development District (JEDD I) – Created 1996
- Hamilton-Indian Springs Joint Economic Development District (JEDD II) – Created 2004

Each JEDD was created to promote economic development activities in certain geographic areas located in Fairfield Township. Each JEDD consist of 5 board members, one member representing the City of Hamilton, one member representing the Township, one member representing the business owners located in the District, one member representing the persons working in the District and one member selected by the other members to serve as chairperson of the District Board. Each JEDD, pursuant to Revised Code 715.74, has implemented a 2.0% income tax. Net tax revenues of JEDD I is allocated 75% to the City and 25% to the Township. Net tax revenues of JEDD II is allocated 25% to the City and 75% to the Township. The City serves as fiscal agent for the JEDD. The contracts for creating each JEDD can be terminated at any time by mutual consent of the contracting parties.

The Township entered into a contract with Butler County and the City of Hamilton creating a Transportation Improvement District for the By-Pass 4 recovery zone improvement project. In creating the TID the Township approved debt issuance of which the portion related to the Township was \$2,860,000 (See Note 5).

**10. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Fairfield Township  
Butler County  
6032 Morris Road  
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Fairfield Township, Butler County, (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated May 15, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bastin & Company, L L C". The signature is written in a cursive style and is centered horizontally within a light gray rectangular background.

Cincinnati, Ohio  
May 15, 2016



# Dave Yost • Auditor of State

**FAIRFIELD TOWNSHIP**

**BUTLER 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  
JULY 12, 2016**