



Mary Taylor, CPA
Auditor of State

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fairfield Township
Washington County
334 Union Cemetery Road
Cutler, Ohio 45724

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 Fairfield Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting 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 Fairfield Township, Washington County, Ohio, as of December 31, 2007 and 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund and the Permissive Sales Tax Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 2 to the basic financial statements, the Township changed their basis of accounting from the cash basis to the modified cash basis.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 15, 2008

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of Fairfield Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Township's modified cash basis 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 2007 are as follows:

Net assets of governmental activities increased from the prior year \$4,960 or 13 percent. The fund receiving the largest increase in cash and cash equivalents was the Road and Bridge Fund due to a decrease in disbursements in 2007.

The Township's Gasoline Tax Fund was the major fund that realized the largest increase in revenue. These receipts represent 40 percent of total cash receipts. Property taxes did not increase significantly from 2006.

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$18,905 or 34 percent. The fund most affected by the decrease in cash and cash equivalents was the Gasoline Tax Fund which realized the greatest burden of increased disbursements in 2006. During 2006, two used dump trucks were purchased by the Township. These vehicles were paid directly from the Township funds, primarily from the Gasoline Tax Fund.

The Township's largest receipts were in the Gasoline Tax Fund which represents 42 percent of the total cash receipts for governmental activities during the year.

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.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

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 statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 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 statement of net assets and the statement of activities, the Township reports only one type of activity:

Governmental activities. All of the Township's basic services are reported here. 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.

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 purpose. The funds of the Township are governmental only.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

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 Fund, Motor Vehicle License Tax, Gasoline Tax Fund, Road and Bridge Fund, and the Permissive Sales Tax Fund. 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 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$39,549	\$34,589	\$56,325
Investments	2,831	2,831	
Total Assets	\$42,380	\$37,420	\$56,325
Net Assets			
Restricted for:			
Permanent Fund Purpose:			
Expendable	\$305	\$197	\$103
Nonexpendable	2,831	2,831	2,831
Other Purposes	29,437	23,388	41,912
Unrestricted	9,807	11,004	11,479
Total Net Assets	\$42,380	\$37,420	\$56,325

As mentioned previously, net assets of governmental activities increased \$4,960 or 13 percent during 2007. The primary reason contributing to the increase in cash balance was due to the increase to Gasoline Tax receipts which increased approximately \$8,000. Property taxes from prior year increased only \$1,275, therefore contributed little toward increased expenditures.

Net assets of governmental activities decreased \$18,905 or 34 percent for 2006. The fund most affected by the decrease in cash and cash equivalents was the Gasoline Tax Fund which realized the greatest burden of increased disbursements in 2006. During 2006, two used dump trucks were purchased by the Township. These vehicles were paid directly from the Township funds, primarily from the Gasoline Tax Fund.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets on a modified cash basis in 2007, 2006 and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$1,300	\$1,450	\$400
Operating Grants and Contributions	154,809	129,816	145,569
Total Program Receipts	<u>156,109</u>	<u>131,266</u>	<u>145,969</u>
General Receipts:			
Property Taxes	41,864	40,589	39,547
Other Taxes			20,000
Notes Issued	8,699		
Sale of Capital Assets	5,424		100
Grants and Entitlements Not Restricted to Specific Programs	34,419	34,228	33,909
Interest	389	353	645
Miscellaneous			6,027
Total General Receipts	<u>90,795</u>	<u>75,170</u>	<u>100,228</u>
Total Receipts	<u>246,904</u>	<u>206,436</u>	<u>246,197</u>
Disbursements:			
General Government	66,770	61,357	55,181
Public Safety	4,376	3,417	3,300
Public Works	135,419	134,365	143,682
Conservation-Recreation	16,672	1,999	19,000
Health	5,904	5,775	6,147
Capital Outlay	11,199	18,428	2,455
Debt Service:			
Principal Retirement	1,374		
Interest and Fiscal Charges	230		
Total Disbursements	<u>241,944</u>	<u>225,341</u>	<u>229,765</u>
Excess (Deficiency) Before Transfers	4,960	(18,905)	16,432
Net Assets, January 1	<u>37,420</u>	<u>56,325</u>	<u>39,893</u>
Net Assets, December 31	<u>\$42,380</u>	<u>\$37,420</u>	<u>\$56,325</u>

Program receipts represent 63, 64 and 59 percent, respectively, of the total receipts for the years ending December 31, 2007, 2006 and 2005 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and permissive sales tax money.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

General receipts represent 37, 36, and 41 percent, respectively, of the Township's total receipts for the years ending December 31, 2007, 2006 and 2005. Of the general receipts, 46, 54 and 59 percent, respectively, represent local taxes. State and federal grants and entitlements are 38, 46 and 34 percent, respectively, of the Township's general receipts. 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, but aren't limited to, the costs of officials' and full-time employee's salaries, insurance, retirement, worker's compensation, and unemployment compensation and utilities. Public Safety is the cost of fire and emergency medical service; Public Works is the general maintenance as well as repair of roads; Health is the cost for health services; Conservation-Recreation is the cost of maintaining parks and playing fields; Capital Outlay is the cost of equipment purchased by the Township, and Debt Service is the payment of the debt of the Township.

Governmental Activities

If you look at the Statement of Activities on pages 12 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 are for public works which accounts for 56 and 60 percent, respectively, of 2007 and 2006 governmental disbursements. General government also represents a significant cost, about 28 percent for 2007 and 27 percent for 2006. The next two 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. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	2005
General Government	\$66,770	\$66,770	\$61,357	\$61,357	\$55,181	\$54,858
Public Safety	4,376	4,376	3,417	3,417	3,300	3,300
Public Works	135,419	(2,267)	134,365	6,598	143,682	(1,449)
Health	5,904	4,629	5,775	4,275	6,147	5,632
Conservation-Recreation	16,672		1,999		19,000	19,000
Capital Outlay	11,199	11,199	18,428	18,428	2,455	2,455
Other		(476)				
Principal Retirement	1,374	1,374	0	0		
Interest and Fiscal Charges	230	230	0	0		
Total Expenses	\$241,944	\$85,835	\$225,341	\$94,075	\$229,765	\$83,796

The dependence upon property tax and grants and entitlement receipts for 2007 and 2006 is apparent as over 35 percent and 42 percent, respectively, of governmental activities are supported through the general receipts.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

The Township's Funds

Total governmental funds for 2007 had receipts of \$232,781 and disbursements of \$241,944.

The General Fund disbursements exceeded receipts in 2007 by a narrow margin of \$1,197. The Township does not receive a significant increase in property tax from year to year and local government funding has been stagnant for the last several years. The Township relies on carryover from the previous year to assist with appropriations for the next year.

The Motor Vehicle License Tax receipts increased \$2,951 in 2007 from 2006. These receipts are dependent on the license sold on vehicles within the Township therefore varies from year to year depending on number of licenses sold. Receipts over disbursements were \$1,513 for the 2007 year.

The Township is dependent on the Gasoline Tax Fund for its largest receipts as well as disbursements. The Gasoline Tax Fund covers a large portion of the Township salaries, insurance and road maintenance and repair expenses for the year with only an amount of \$1,596 showing for receipts over disbursements.

With property tax increases insignificant from year to year, the Road and Bridge Fund cannot be utilized for any major expenditure. The fund is used for various expenditures as portions of salaries, benefits and road maintenance and repair. Receipts over disbursements were \$2,665 for 2007.

Permissive sales tax is used entirely for expenses related to Township roads. This tax is dependent on a portion of the sales tax receipts from the State forwarded to the County Commissioners who in turn relegates a percentage to the Townships. This revenue can increase or decrease at the Commissioner's discretion.

Total governmental funds for 2006 had receipts of \$206,436 and disbursements of \$225,341. The greatest change within governmental funds occurred because the Township purchased two used dump trucks in 2006 which was paid primarily from the Gasoline Tax 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.

During 2007, the Township amended the General Fund during the year to reflect increases in revenue. Final budgeted receipts were above original budgeted receipts due to the unexpected slight increase in property tax and other receipts. The difference between final budgeted receipts and actual receipts was \$25. Final disbursements were budgeted at \$64,446 compared to \$57,364 of actual disbursements.

During 2006, the Township amended the General Fund at the end of the year. Final budgeted receipts were above original budgeted receipts due to the unexpected slight increase in property tax and other receipts. The difference between final budgeted receipts and actual receipts was \$75. Final disbursements were budgeted at \$61,029 compared to \$53,108 of actual disbursements.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets and infrastructure under the modified cash basis of accounting.

Fairfield Township
Washington County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

Debt

At December 31, 2007, the Township's outstanding debt of \$7,325 for note proceeds to purchase an adjacent parcel of property to the Township Hall. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all the Township 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 taxes and have very little industry to support the tax base. The gasoline taxes will continue to be the significant receipts for the Township in 2008. The Township does not anticipate any major purchases in 2008 and through close management of the Township Trustees, who serve as the audit committee, and the Fiscal Officer, all funds will be kept within the budgeted appropriations.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Martin Clark, Fiscal Officer, Fairfield Township, 344 Union Cemetery Road, Cutler, OH 45724.

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**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2007**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$39,549
Investments	2,831
<i>Total Assets</i>	<u>\$42,380</u>
Net Assets	
Restricted for:	
Permanent Fund Purpose	
Expendable	\$305
Nonexpendable	2,831
Other Purposes	29,437
Unrestricted	9,807
<i>Total Net Assets</i>	<u>\$42,380</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$66,770			(\$66,770)
Public Safety	4,376			(4,376)
Public Works	135,419		\$137,686	2,267
Health	5,904	\$1,200	75	(4,629)
Conservation-Recreation	16,672		16,672	0
Capital Outlay	11,199			(11,199)
Other		100	376	476
Debt Service:				
Principal Retirement	1,374			(1,374)
Interest and Fiscal Charges	230			(230)
<i>Total Governmental Activities</i>	<u>\$241,944</u>	<u>\$1,300</u>	<u>\$154,809</u>	(85,835)
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		41,864
		Grants and Entitlements not Restricted to Specific Programs		34,419
		Notes Issued		8,699
		Sale of Capital Assets		5,424
		Interest		389
		<i>Total General Receipts</i>		<u>90,795</u>
		Change in Net Assets		<u>4,960</u>
		<i>Net Assets Beginning of Year</i>		<u>37,420</u>
		<i>Net Assets End of Year</i>		<u>\$42,380</u>

See accompanying notes to the basic financial statements

FAIRFIELD TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Motor Vehicle License Tax Fund	Gasoline Tax Fund	Road & Bridge Fund	Permissive Sales Tax Fund	Other Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$9,807	\$4,905	\$16,483	\$6,685	\$0	\$1,669
Investments						2,831
<i>Total Assets</i>	<u>\$9,807</u>	<u>\$4,905</u>	<u>\$16,483</u>	<u>\$6,685</u>	<u>\$0</u>	<u>\$4,500</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$9,807					
Special Revenue Funds		\$4,905	\$16,483	\$6,685	\$0	\$1,364
Permanent Fund						3,136
<i>Total Fund Balances</i>	<u>\$9,807</u>	<u>\$4,905</u>	<u>\$16,483</u>	<u>\$6,685</u>	<u>\$0</u>	<u>\$4,500</u>

See accompanying notes to the basic financial statements

FAIRFIELD TOWNSHIP
WASHINGTON COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Motor Vehicle License Tax Fund	Gasoline Tax Fund	Road & Bridge Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$18,322			\$21,937		\$1,605	\$41,864
Charges for Services						800	800
Intergovernmental	32,140	\$15,972	\$93,639	2,755	\$27,875	16,672	189,053
Interest	281	50	151			107	589
Other						475	475
<i>Total Receipts</i>	<u>50,743</u>	<u>16,022</u>	<u>93,790</u>	<u>24,692</u>	<u>27,875</u>	<u>19,659</u>	<u>232,781</u>
Disbursements							
Current:							
General Government	41,090		680		25,000		66,770
Public Safety	3,926		450				4,376
Public Works	8,144	14,259	88,264	21,877	2,875		135,419
Health	3,454		1,450			1,000	5,904
Conservation-Recreation						16,672	16,672
Capital Outlay	750	250	1,350	150		8,699	11,199
Debt Service:							
Principal Retirement						1,374	1,374
Interest and Fiscal Charges						230	230
<i>Total Disbursements</i>	<u>57,364</u>	<u>14,509</u>	<u>92,194</u>	<u>22,027</u>	<u>27,875</u>	<u>27,975</u>	<u>241,944</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,621)</u>	<u>1,513</u>	<u>1,596</u>	<u>2,665</u>	<u>0</u>	<u>(8,316)</u>	<u>(9,163)</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	5,424						5,424
Note Proceeds						8,699	8,699
<i>Total Other Financing Sources (Uses)</i>	<u>5,424</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,699</u>	<u>14,123</u>
<i>Net Change in Fund Balances</i>	<u>(1,197)</u>	<u>1,513</u>	<u>1,596</u>	<u>2,665</u>	<u>0</u>	<u>383</u>	<u>4,960</u>
<i>Fund Balances Beginning of Year</i>	<u>11,004</u>	<u>3,392</u>	<u>14,887</u>	<u>4,020</u>	<u>0</u>	<u>4,117</u>	<u>37,420</u>
<i>Fund Balances End of Year</i>	<u>\$9,807</u>	<u>\$4,905</u>	<u>\$16,483</u>	<u>\$6,685</u>	<u>\$0</u>	<u>\$4,500</u>	<u>\$42,380</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$17,320	\$18,322	\$18,322	\$0
Intergovernmental	31,509	32,140	32,140	0
Interest	225	256	281	25
<i>Total Receipts</i>	49,054	50,718	50,743	25
Disbursements				
Current:				
General Government	42,403	43,348	41,090	2,258
Public Safety	10,000	9,500	3,926	5,574
Public Works	6,710	6,874	8,144	(1,270)
Health	3,563	3,454	3,454	0
Capital Outlay	2,770	1,270	750	520
<i>Total Disbursements</i>	65,446	64,446	57,364	7,082
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,392)	(13,728)	(6,621)	7,107
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,424	5,424	0
<i>Total Other Financing Sources (Uses)</i>	5,000	5,424	5,424	0
<i>Net Change in Fund Balance</i>	(11,392)	(8,304)	(1,197)	7,107
<i>Fund Balance Beginning of Year</i>	11,004	11,004	11,004	0
<i>Fund Balance End of Year</i>	(\$388)	\$2,700	\$9,807	\$7,107

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$16,814	\$14,802	\$15,972	\$1,170
Interest	50	44	50	6
<i>Total Receipts</i>	<u>16,864</u>	<u>14,846</u>	<u>16,022</u>	<u>1,176</u>
Disbursements				
Current:				
Public Works	18,746	17,228	14,259	2,969
Capital Outlay	1,500	1,000	250	750
<i>Total Disbursements</i>	<u>20,246</u>	<u>18,228</u>	<u>14,509</u>	<u>3,719</u>
<i>Net Change in Fund Balance</i>	(3,382)	(3,382)	1,513	4,895
<i>Fund Balance Beginning of Year</i>	<u>3,392</u>	<u>3,392</u>	<u>3,392</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10</u>	<u>\$10</u>	<u>\$4,905</u>	<u>\$4,895</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Intergovernmental	\$85,000	\$88,447	\$93,639	\$5,192
Interest	250	135	151	16
<i>Total Receipts</i>	<u>85,250</u>	<u>88,582</u>	<u>93,790</u>	<u>5,208</u>
Disbursements				
Current:				
General Government	120	920	680	240
Public Safety	2,000	1,000	450	550
Public Works	92,073	95,113	88,264	6,849
Health	1,500	1,500	1,450	50
Capital Outlay	2,500	1,660	1,350	310
<i>Total Disbursements</i>	<u>98,193</u>	<u>100,193</u>	<u>92,194</u>	<u>7,999</u>
<i>Net Change in Fund Balance</i>	(12,943)	(11,611)	1,596	13,207
<i>Fund Balance Beginning of Year</i>	<u>14,887</u>	<u>14,887</u>	<u>14,887</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,944</u></u>	<u><u>\$3,276</u></u>	<u><u>\$16,483</u></u>	<u><u>\$13,207</u></u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$20,200	\$21,937	\$21,937	\$0
Intergovernmental	2,500	2,755	2,755	0
<i>Total Receipts</i>	<u>22,700</u>	<u>24,692</u>	<u>24,692</u>	<u>0</u>
Disbursements				
Current:				
Public Works	24,908	26,838	21,877	4,961
Capital Outlay	850	315	150	165
<i>Total Disbursements</i>	<u>25,758</u>	<u>27,153</u>	<u>22,027</u>	<u>5,126</u>
<i>Net Change in Fund Balance</i>	(3,058)	(2,461)	2,665	5,126
<i>Fund Balance Beginning of Year</i>	<u>4,020</u>	<u>4,020</u>	<u>4,020</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$962</u></u>	<u><u>\$1,559</u></u>	<u><u>\$6,685</u></u>	<u><u>\$5,126</u></u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$28,875	\$27,875	\$27,875	\$0
<i>Total Receipts</i>	<u>28,875</u>	<u>27,875</u>	<u>27,875</u>	<u>0</u>
Disbursements				
Current:				
General Government	25,000	25,000	25,000	0
Public Works	3,875	2,875	2,875	0
<i>Total Disbursements</i>	<u>28,875</u>	<u>27,875</u>	<u>27,875</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$34,589
Investments	2,831
<i>Total Assets</i>	<u>\$37,420</u>
Net Assets	
Restricted for:	
Permanent Fund Purpose	
Expendable	\$197
Nonexpendable	2,831
Other Purposes	23,388
Unrestricted	11,004
<i>Total Net Assets</i>	<u>\$37,420</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$61,357			(\$61,357)
Public Safety	3,417			(3,417)
Public Works	134,365		\$127,767	(6,598)
Health	5,775	\$1,450	50	(4,275)
Conservation-Recreation	1,999		1,999	0
Capital Outlay	18,428			(18,428)
<i>Total Governmental Activities</i>	<u>\$225,341</u>	<u>\$1,450</u>	<u>\$129,816</u>	<u>(94,075)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		40,589
		Grants and Entitlements not Restricted to Specific Programs		34,228
		Interest		353
		<i>Total General Receipts</i>		<u>75,170</u>
		Change in Net Assets		<u>(18,905)</u>
		<i>Net Assets Beginning of Year</i>		<u>56,325</u>
		<i>Net Assets End of Year</i>		<u><u>\$37,420</u></u>

See accompanying notes to the basic financial statements

FAIRFIELD TOWNSHIP
WASHINGTON COUNTY

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Motor Vehicle License Tax Fund	Gasoline Tax Fund	Road & Bridge Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$11,004	\$3,392	\$14,887	\$4,020	\$0	\$1,286	\$34,589
Investments						2,831	2,831
<i>Total Assets</i>	<u>\$11,004</u>	<u>\$3,392</u>	<u>\$14,887</u>	<u>\$4,020</u>	<u>\$0</u>	<u>\$4,117</u>	<u>\$37,420</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$11,004						\$11,004
Special Revenue Funds		\$3,392	\$14,887	\$4,020	\$0	\$1,089	23,388
Permanent Fund						3,028	3,028
<i>Total Fund Balances</i>	<u>\$11,004</u>	<u>\$3,392</u>	<u>\$14,887</u>	<u>\$4,020</u>	<u>\$0</u>	<u>\$4,117</u>	<u>\$37,420</u>

See accompanying notes to the basic financial statements

FAIRFIELD TOWNSHIP
WASHINGTON COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Motor Vehicle License Tax Fund	Gasoline Tax Fund	Road & Bridge Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$18,740			\$21,849			\$40,589
Charges for Services						\$1,200	1,200
Intergovernmental	31,645	\$13,026	\$85,545	2,583	\$28,875	2,000	163,674
Interest	260	45	275			93	673
Other						300	300
<i>Total Receipts</i>	<u>50,645</u>	<u>13,071</u>	<u>85,820</u>	<u>24,432</u>	<u>28,875</u>	<u>3,593</u>	<u>206,436</u>
Disbursements							
Current:							
General Government	36,246		111		25,000		61,357
Public Safety	3,417						3,417
Public Works	6,460	14,733	86,305	22,992	3,875		134,365
Health	2,985		1,450			1,340	5,775
Conservation-Recreation						1,999	1,999
Capital Outlay	4,000	2,001	11,522	905			18,428
<i>Total Disbursements</i>	<u>53,108</u>	<u>16,734</u>	<u>99,388</u>	<u>23,897</u>	<u>28,875</u>	<u>3,339</u>	<u>225,341</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,463)</u>	<u>(3,663)</u>	<u>(13,568)</u>	<u>535</u>	<u>0</u>	<u>254</u>	<u>(18,905)</u>
Other Financing Sources (Uses)							
Transfers In	1,988						1,988
Transfers Out						(1,988)	(1,988)
<i>Total Other Financing Sources (Uses)</i>	<u>1,988</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,988)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(475)</u>	<u>(3,663)</u>	<u>(13,568)</u>	<u>535</u>	<u>0</u>	<u>(1,734)</u>	<u>(18,905)</u>
<i>Fund Balances Beginning of Year</i>	<u>11,479</u>	<u>7,055</u>	<u>28,455</u>	<u>3,485</u>	<u>0</u>	<u>5,851</u>	<u>56,325</u>
<i>Fund Balances End of Year</i>	<u>\$11,004</u>	<u>\$3,392</u>	<u>\$14,887</u>	<u>\$4,020</u>	<u>\$0</u>	<u>\$4,117</u>	<u>\$37,420</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$17,200	\$18,112	\$18,740	\$628
Intergovernmental	31,658	31,658	31,645	(13)
Interest	300	300	260	(40)
Other	500	500		(500)
<i>Total Receipts</i>	<u>49,658</u>	<u>50,570</u>	<u>50,645</u>	<u>75</u>
Disbursements				
Current:				
General Government	37,074	37,874	36,246	1,628
Public Safety	10,000	10,000	3,417	6,583
Public Works	4,100	5,400	6,460	(1,060)
Health	3,355	3,255	2,985	270
Capital Outlay	6,500	4,500	4,000	500
<i>Total Disbursements</i>	<u>61,029</u>	<u>61,029</u>	<u>53,108</u>	<u>7,921</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,371)	(10,459)	(2,463)	7,996
Other Financing Sources (Uses)				
Sale of Capital Assets	1	1		(1)
Transfers In	0	1,988	1,988	0
<i>Total Other Financing Sources (Uses)</i>	<u>1</u>	<u>1,989</u>	<u>1,988</u>	<u>(1)</u>
<i>Net Change in Fund Balance</i>	(11,370)	(8,470)	(475)	7,995
<i>Fund Balance Beginning of Year</i>	<u>11,479</u>	<u>11,479</u>	<u>11,479</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$109</u>	<u>\$3,009</u>	<u>\$11,004</u>	<u>\$7,995</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$12,900	\$12,998	\$13,026	\$28
Interest	70	70	45	(25)
<i>Total Receipts</i>	<u>12,970</u>	<u>13,068</u>	<u>13,071</u>	<u>3</u>
Disbursements				
Current:				
Public Works	16,965	16,965	14,733	2,232
Capital Outlay	3,000	3,000	2,001	999
<i>Total Disbursements</i>	<u>19,965</u>	<u>19,965</u>	<u>16,734</u>	<u>3,231</u>
<i>Net Change in Fund Balance</i>	(6,995)	(6,897)	(3,663)	3,234
<i>Fund Balance Beginning of Year</i>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$60</u>	<u>\$158</u>	<u>\$3,392</u>	<u>\$3,234</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$81,000	\$85,545	\$85,545	\$0
Interest	200	263	275	12
<i>Total Receipts</i>	<u>81,200</u>	<u>85,808</u>	<u>85,820</u>	<u>12</u>
Disbursements				
Current:				
General Government	1,000	120	111	9
Public Safety	3,000	3,000		3,000
Public Works	95,580	92,435	86,305	6,130
Health	2,500	2,500	1,450	1,050
Capital Outlay	7,500	11,525	11,522	3
<i>Total Disbursements</i>	<u>109,580</u>	<u>109,580</u>	<u>99,388</u>	<u>10,192</u>
<i>Net Change in Fund Balance</i>	(28,380)	(23,772)	(13,568)	10,204
<i>Fund Balance Beginning of Year</i>	<u>28,455</u>	<u>28,455</u>	<u>28,455</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$75</u></u>	<u><u>\$4,683</u></u>	<u><u>\$14,887</u></u>	<u><u>\$10,204</u></u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$21,900	\$21,900	\$21,849	(\$51)
Intergovernmental	2,550	2,532	2,583	51
<i>Total Receipts</i>	<u>24,450</u>	<u>24,432</u>	<u>24,432</u>	<u>0</u>
Disbursements				
Current:				
Public Works	26,695	26,695	22,992	3,703
Capital Outlay	1,200	1,200	905	295
<i>Total Disbursements</i>	<u>27,895</u>	<u>27,895</u>	<u>23,897</u>	<u>3,998</u>
<i>Net Change in Fund Balance</i>	(3,445)	(3,463)	535	3,998
<i>Fund Balance Beginning of Year</i>	<u>3,485</u>	<u>3,485</u>	<u>3,485</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$40</u>	<u>\$22</u>	<u>\$4,020</u>	<u>\$3,998</u>

See accompanying notes to the basic financial statements

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$28,350	\$28,875	\$28,875	\$0
<i>Total Receipts</i>	<u>28,350</u>	<u>28,875</u>	<u>28,875</u>	<u>0</u>
Disbursements				
Current:				
General Government	28,350	25,000	25,000	0
Public Works	<u>0</u>	<u>3,875</u>	<u>3,875</u>	<u>0</u>
<i>Total Disbursements</i>	<u>28,350</u>	<u>28,875</u>	<u>28,875</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

Fairfield Township, Washington County, Ohio (the Township), is a body politic and corporate 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.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

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 government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Barlow Volunteer Fire Department, Inc. and Wesley Township Volunteer Fire Department for fire protection. Police protection is provided by the Washington County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 6 to the financial statements provides information for this entity. The public entity risk pool is the Ohio Township Association Risk Management Authority (OTARMA).

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 2.C, 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.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for 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 is 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 is self-financing on a modified cash basis or draws from the Township's general receipts.

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. Nonmajor 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 governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund and Permissive Sales Tax 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 Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township had the following major funds in addition to the General Fund as mentioned above:

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Fund – This fund receives property tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Permissive Sales Tax Fund – This fund receives money from the Washington County Commissioners from the County's Permissive Sales Tax levy. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

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 Township's 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 modified 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 liabilities and the related expenses) 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 ordinance, 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 ordinance 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, function and object level for all funds.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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

Township records identify the purchase of specific investments by specific funds.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, respectively.

During 2007 and 2006, the Township invested in two non-negotiable certificates of deposit. The non-negotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$281 which includes \$80 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$260 which includes \$75 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. There were no restricted assets at year end.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

I. 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 7 and 8 the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. 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.

K. 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. Net assets restricted for other purposes include resources restricted for road repair/maintenance, fire protection, cemetery maintenance and community block grant funds designated for the specific purpose received. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township does not have any fund balance reserves.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the following major special revenue funds: Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund and Permissive Sales Tax Fund, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – 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.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (Continued)

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 percent 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 (STAROhio).

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.

Deposits

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 either 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 one hundred five percent of the deposits being secured.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Real property taxes received in 2006 were levied after October 1, 2005 on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent 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 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2007 and 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2006. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent 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, 2007, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$5,781,390
Agricultural	3,947,000
Commercial/Industrial/Mineral	137,420
Public Utility Property	
Personal	841,860
Tangible Personal Property	133,420
Total Assessed Value	<u><u>\$10,841,090</u></u>

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 5 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2006, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$5,606,760
Agricultural	3,899,190
Commercial/Industrial/Mineral	114,630
Public Utility Property	
Personal	853,570
Tangible Personal Property	217,670
Total Assessed Value	\$10,691,820

Note 6 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

If losses exhaust PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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 million per occurrence.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 6 – Risk Management (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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, 2007 and 2006.

	2007	2006
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,600. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

Contributions to OTARMA

2005	\$	5,124
2006	\$	6,357
2007	\$	3,827

Note 6 – Risk Management (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 budgetary 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.

Note 7 - 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 five years at 20 percent 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 the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. The Township participates only in the traditional 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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. 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, 2007, 2006 and 2005 were \$7,256, \$6,945 and \$7,414, respectively. The full amount has been contributed for 2007, 2006 and 2005. There were no contributions to member-directed plans.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 8 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement 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 postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$2,881 for 2007 and \$2,281 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 9 - Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u>			<u>Balance</u>	
		<u>December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2007</u>	<u>Due Within One Year</u>
Promissory Notes						
2007 Issue (\$8,699)	5.25%	\$ -	\$ 8,699	\$ 1,374	\$ 7,325	\$ 2,861
		\$ -	\$ 8,699	\$ 1,374	\$ 7,325	\$ 2,861

The promissory note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Fairfield Township
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and 2006

Note 9 – Debt (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year	Promissory Note	
	Principal	Interest
2008	\$ 2,861	\$ 348
2009	3,015	195
2010	1,449	38
	<u>\$ 7,325</u>	<u>\$ 581</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.



Mary Taylor, CPA

Auditor of State

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

Fairfield Township
Washington County
334 Union Cemetery Road
Cutler, Ohio 45724

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 15, 2008, wherein we noted the Township uses a comprehensive basis of accounting other than generally accepted accounting principles which was changed from cash to modified cash basis. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-002 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are not a material weakness.

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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 15, 2008.

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 15, 2008

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 505.60(C) states that if any township officer or employee is denied coverage under a health care plan procured under division (B) of this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out of pocket premium that the officer or employee incurs for insurance policies described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officer and employees under policies it procures under division (B) of this section.

Attorney General Opinion 2005-038 concluded that, pursuant to Ohio Rev. Code Section 505.60(C), a board of trustees may reimburse a township officer or employee for the out-of-pocket premiums attributable to that officer or employee for health care coverage under insurance policies described in Ohio Rev. Code Section 505.60(A) if the officer or employee is denied health care coverage under a policy procured by the township under Ohio Rev. Code Section 505.60(B), or if the officer or employee elects not to participate in the township's health care plan. The policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents of an officer or employee.

The Township reimbursed officials for family coverage for the years 2006 and 2007, which was in excess of the actual out-of-pocket premium expenses attributable to the Township officers only, in the total amount of \$3,717.

Our audits of townships during this audit period have revealed ambiguity in the interpretation of the health care reimbursement statutes, as demonstrated in the opinions of several prosecuting attorneys submitted to our office. In addition, legislation has been introduced and passed the Ohio House of Representatives to extend reimbursement to township officials and employees for premiums for family coverage. Therefore, we will not issue Findings for Recovery for these expenditures during the 2006-2007 audit period.

We recommend the Township revise its health care premium reimbursement policy to limit reimbursement to amounts attributable to township officials and employees only, unless and until HB 458 is passed by the legislature and becomes law.

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2007-002

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

During 2006 and 2007, the Fiscal Officer posted certain transactions incorrectly. We noted the following:

- The Township received note proceeds in the amount of \$8,699 in 2007 in Other Governmental Funds. This was recorded as other financing sources instead of note proceeds.
- The Township Fiscal Officer reported the Township's investments as cash in 2007 in the amount of \$2,831 in Other Governmental Funds and its cash as investments in 2006 in the amount of \$2,008 in the General Fund.
- At December 31, 2006, the Township had reserves for encumbrances in the amount of \$91 in the General Fund and \$351 in the Gasoline Tax Fund reported on its statements that were payroll related items that were not actual encumbrances of the Township.
- Additionally, we noted several errors in posting General Receipts and Program Revenue on the Statement of Activities in the total amount of \$17,704 in 2007 and \$2,906 in 2006.

As a result, these significant reclassifications, with which the Township's management agrees, were made to the financial statements.

During the audit period, the Township Fiscal Officer also posted certain insignificant revenue transactions incorrectly. Local government distribution, tangible personal property taxes reimbursement and personal property tax exemptions were posted to taxes rather than intergovernmental revenue. This resulted in incorrect postings of insignificant Township transactions in the financial statements. It was unnecessary to post these transactions to the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2007-003

Noncompliance Citation and Significant Deficiency

Article XII, Section 5a of the Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

Reimbursement of the Fiscal Officer's insurance was paid from the Gasoline Tax Fund in the amount of \$1,539 for 2006 and \$725 for 2007 and the Road and Bridge Fund in the amount of \$950 for 2006 and \$1,219 in 2007 instead of the General Fund. Since the Fiscal Officer performs administrative duties for the Township, the insurance of the Fiscal Officer should be paid entirely from the General Fund. Adjustments with which the Board of Trustees agreed have been posted to the Township's books and are reflected in the accompanying financial statements.

We recommend the Township pay the Fiscal Officer's insurance entirely from the General Fund due to the administrative duties performed by the Fiscal Officer of the Township.

Officials' Response: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

FAIRFIELD TOWNSHIP

WASHINGTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2008**