

DEERFIELD TOWNSHIP
WARREN COUNTY
CASH BASIS FINANCIAL STATEMENTS
December 31, 2008



Mary Taylor, CPA
Auditor of State

Board of Trustees
Deerfield Township
Administrative Office
4900 Parkway Drive
Deerfield Township, Ohio 45050

We have reviewed the *Independent Accountants Report* of Deerfield Township, Warren County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 21, 2009

This Page is Intentionally Left Blank.

**DEERFIELD TOWNSHIP
WARREN COUNTY
December 31, 2008**

Table of Contents

Independent Accountants Report	1/2
Management's Discussion and Analysis	3/10
Basic Financial Statements:	
Statement of Net Assets - Cash Basis	11
Statement of Activities - Cash Basis	12
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds	14
Statement of Fiduciary Net Assets - Cash Basis - Fiduciary Funds	15
Statement of Changes in Fiduciary Net Assets - Cash Basis - Fiduciary Funds	16
Notes to the Financial Statements	17/34
Required Supplementary Information:	
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund	36
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Police District Fund	37
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Fire Fund Special Levy	38
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - 1998 TIF General Reserve Fund	39
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - 1998 TIF Revenue Fund	40
Notes to the Required Supplementary Information	41
Independent Accountants Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42/43
Schedule of Findings and Responses	44/45
Schedule of Prior Audit Findings	46

This Page is Intentionally Left Blank.

INDEPENDENT ACCOUNTANTS REPORT

Board of Trustees
Deerfield Township
Warren County
4900 Parkway Drive
Mason, Ohio 45040

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deerfield Township, Ohio, as of and for the year ended December 31, 2008, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2 to the financial statements, Deerfield Township, Ohio, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting 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 financial position-cash basis of the governmental activities, each major fund and the aggregate remaining fund information of Deerfield Township, Ohio, as of December 31, 2008, and the respective changes in financial position-cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009 on our consideration of Deerfield Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 36 through 41, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Joseph Accorino and Company, LLC

Cincinnati, Ohio
June 24, 2009

Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

This discussion and analysis of Deerfield Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$1,664,007, or 6.35 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2008; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes. Property taxes represent 45.9 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 increased when compared to 2007 as assessed values in the Township continued to increase during 2008.

General receipts accounted for \$37,204,619 or 97.0 percent of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions, capital grants and contributions accounted for \$1,136,702 or 3.0 percent of total receipts of \$38,341,321.

The Township had \$40,005,328 in cash disbursements related to governmental activities; only \$1,136,702 of these cash disbursements were offset by program specific charges for services, operating grants, capital grants or contributions. General receipts of \$37,204,619 were used to provide for these programs.

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 cash basis of accounting.

Report Components

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis provide information about the cash activities of the Township as a whole.

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

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

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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 the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the Township as a Whole

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis reflect how the Township did financially during 2008, within the limitations of cash basis accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or activity 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 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, including the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets - Cash Basis and the Statement of Activities – Cash Basis, all of the Township's programs and services are reported as Governmental Activities. Governmental Activities represent basic services including police, fire, streets and parks. 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 split into two categories: governmental and fiduciary.

Governmental Funds - Most 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

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited**

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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The Township's major governmental funds include:

- The General Fund;
- Police District Fund;
- Fire Fund Special Levy Fund;
- 1998 TIF General Reserve Fund;
- 1998 TIF Revenue Fund; and
- The General Bond (Note) Retirement Fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2008	2007
Assets		
Equity in pooled cash, cash equivalents and investments	\$24,557,364	\$26,221,371
Total Assets	\$24,557,364	\$26,221,371
Net Assets		
Restricted for:		
Debt service	\$1,397,746	\$1,911,625
Capital projects	260,431	543,743
Other purposes	18,646,070	17,043,449
Unrestricted	4,253,117	6,722,554
Total Net Assets	\$24,557,364	\$26,221,371

As mentioned previously, net assets of governmental activities decreased \$1,664,007 or 6.35 percent during 2008. The decrease can be attributed to the decrease in cash and cash equivalents from 2008 operations.

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited**

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities:

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for services and sales	\$1,023,719	\$1,695,326
Operating grants and contributions	112,983	2,500
Capital grants and contributions	0	0
Total program receipts	1,136,702	1,697,826
General receipts:		
Property taxes (including payments in lieu of taxes)	17,633,463	15,800,700
Grants and entitlements	2,467,973	3,172,502
Interest	621,041	1,299,689
Sale of notes	10,980,000	16,280,000
Sale of bonds	5,200,000	8,770,000
Miscellaneous	302,142	30,541
Total general receipts	37,204,619	45,353,432
Total receipts	38,341,321	47,051,258
Disbursements:		
General government	5,919,349	4,487,434
Payments to schools	3,209,671	2,083,925
Public safety	7,004,374	6,191,460
Public works	946,781	2,112,060
Health	265,981	199,362
Conservation - Recreation	573,243	479,167
Capital outlay	2,626,876	1,147,721
Principal retirement	17,400,000	25,661,000
Interest and fiscal charges	1,873,665	1,902,536
Administrative fees and issuance costs	185,388	206,553
Total disbursements	40,005,328	44,471,218
Change in Net Assets	(1,664,007)	2,580,040
Increase (Decrease) in Net Assets	(1,664,007)	2,580,040
Net Assets – Beginning of Year	26,221,371	23,641,331
Net Assets – End of Year	\$24,557,364	\$26,221,371

Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

“Program receipts” represents only 3.0 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

“General receipts” represents 97.0 percent of the Township’s total receipts, and of this amount, over 47.4 percent are local (property) taxes. Sales of bond and notes make up the balance of the Township’s general receipts (43.5 percent). Grants and entitlements represents approximately 6.6 percent of general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for “general government” represents the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the trustees, and the finance and accounting departments, as well as internal services such as payroll and purchasing. These costs typically do not represent direct services to residents.

“Public safety” represents the cost of police and fire protection; “Health” represents the health department; “Conservation - Recreation activities” represents the costs of maintaining the parks and playing fields; and “Public Works” represents the cost of maintaining the roads.

The increase in property taxes (including payments in lieu of taxes (PILOTS)) is based on the increase in assessed values, specifically related to values identified in the tax increment financed (TIF) districts and areas.

The decrease in investment income is directly related to changes in general market conditions, including lower interest rates, and decreases in excess funds invested in the market.

Charges for services and grants and entitlements decreased in 2008. These decreases are directly related to general market conditions, including the national housing crisis (decrease in various building fees and licenses) and the national and state economic issues (decreases in the availability of federal and state grant and entitlement dollars).

In various transactions, the Township rolled over short term note activity of \$10,980,000 and also issued general obligation bonds of \$5,200,000.

Governmental Activities

The Statement of Activities – Cash Basis on page 12, shows the major services provided by the Township in the first column, and the costs of providing these services in the second column. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and capital outlay, which account for 17.5 and 6.6 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 14.8 percent. Principal retirement and interest and fiscal charges represent 48.2 percent of all disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited**

(Table 3)

	Governmental Activities			
	Gross Cost of Services	Net Cost of Services	Gross Cost of Services	Net Cost of Services
	2008	2008	2007	2007
General government	\$5,919,349	\$5,473,744	\$4,487,434	\$3,547,699
Payments to schools	3,209,671	3,209,671	2,083,925	2,083,925
Public safety	7,004,374	6,446,660	6,191,460	5,624,800
Public works	946,781	946,781	2,112,060	2,112,060
Health	265,981	153,898	199,362	7,931
Conservation - Recreation	573,243	551,943	479,167	479,167
Capital outlay	2,626,876	2,626,876	1,147,721	1,147,721
Principal retirement	17,400,000	17,400,000	25,661,000	25,661,000
Interest and fiscal charges	1,873,665	1,873,665	1,902,536	1,902,536
Administrative fees and issuance costs	185,388	185,388	206,553	206,553
Total expenses	<u>\$40,005,328</u>	<u>\$38,868,626</u>	<u>\$44,471,218</u>	<u>\$42,773,392</u>

The dependence upon property tax receipts is apparent as over 44 percent and 35 percent of governmental activities are supported through these general receipts for 2008 and 2007, respectively.

The increases in “general government” and “public safety” are related to expenses for Fleckenstein Park, the creation of fire station #59 as well as general increases in salary, pension and health care for employees.

“Payments to schools” are directly related to the increased revenues received via PILOTs from the various TIF districts. As part of the TIF arrangements, the Township allocates a percentage of the PILOTs to the related school districts as required. As the PILOTs have increased, so have the payments to schools.

“Capital outlay” continues to increase as the Township continues various expansion efforts.

The Township's Funds

Total governmental funds had receipts of \$38,341,321 and disbursements of \$40,005,328. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$2,234,489 as the result of costs related to Fleckenstein Park as well as general increased costs for salaries and benefits.

General Fund – Fund balance as of December 31, 2008 totaled \$4,488,065. The net change in fund balance was (\$2,234,489) indicating that the General Fund is in a deficit spending situation. The decrease in fund balance is a direct result of the Township's increased disbursements in general government, including the development of Fleckenstein Park, the opening of fire station #59 as well as general increases in payroll, pension and health care disbursements. Total receipts for 2008 fell 4.2 percent.

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited**

Police District Fund – Fund balance as of December 31, 2008 totaled \$2,142,926. The net change in fund balance totaled \$245,872. The net change in fund balance remained relatively consistent in 2008 when compared to 2007.

Fire Fund Special Levy Fund – Fund balance as of December 31, 2008 totaled \$930,831. The net change in fund balance totaled (\$368,869). The decrease in fund balance is directly related to various increases in personnel costs, the opening of fire station #59 and some general equipment upgrades

1998 TIF General Reserve Fund – Fund balance as of December 31, 2008 totaled \$4,092,204. The net change in fund balance totaled \$1,418,000. As the TIF General Reserve Fund acts as a holding fund for other TIF funds, the increase in fund balance is directly related to transfers in of excess balances from other TIF related funds.

1998 TIF Revenue Fund – Fund balance as of December 31, 2008 totaled \$5,601,685. The net change in fund balance totaled \$1,377,443. The increase in PILOT revenues, when compared to 2007, accounted for \$514,472 of the increase. Total receipts for 2008 increased by 7.6 percent

General Bond (Note) Retirement Fund – Fund balance as of December 31, 2008 totaled \$63,739. General Bond (Note) Retirement Fund receipts were less than disbursements by \$449. The net change in fund balance remained relatively consistent in 2008 when compared to 2007.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The schedules comparing the Township's original and final budgets and actual results are included in the Required Supplementary Information for the General, Police District, Fire Fund Special Levy, 1998 TIF General Reserve and the 1998 TIF Revenue Funds.

During 2008, the Township budgeted an operating deficit in the General Fund of \$4,592,814. The original budgeted receipts and final budgeted receipts were essentially the same. Actual amounts received were greater than the original and final budgeted amounts by \$979,197. This positive variance was mainly due to unexpected increases in property taxes and intergovernmental receipts.

The Township's original appropriation measure was for \$8,248,400. Final disbursements were budgeted at \$8,100,000, including \$1,135,716 in expected transfers. The Township's actual disbursements, including outstanding encumbrances, were \$7,104,740, which resulted in a positive variance of \$995,258. Although the Township's actual receipts were greater than those budgeted and the actual disbursements were less than those budgeted, the Township still recorded an actual operating deficit of \$2,469,437 for 2008.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township has contracted with an appraisal firm to determine values as of December 31, 2008. It is anticipated that this process will be completed in the fall of 2009.

**Deerfield Township
Warren County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited**

Notes Payable and Long-Term Obligations

As of December 31, 2008, the Township's outstanding long term debt totaled \$31,950,000 which included \$5,200,000 in general obligation bonds, \$995,000 in special assessment bonds and \$25,755,000 in tax increment revenue bonds. The Township also has \$10,980,000 in short term general obligation notes. For further information regarding the Township's debt, refer to Notes 9 and 10 to the basic financial statements.

Current Issues

The challenge for all townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Township is located in Warren County and both the County and the Township are among the fastest growing areas in the state of Ohio. The Township is well situated to endure the current national fiscal crisis and be economically and financially stable for a number of years.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. John Wahle, Finance Officer, Deerfield Township Administrative Office, 4900 Parkway Drive, Deerfield Township, Ohio, 45040, or visit our website at www.deerfieldtp.com.

Deerfield Township
Warren County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in pooled cash, cash equivalents and investments	\$24,557,364
<i>Total Assets</i>	\$24,557,364
 Net Assets	
Restricted for:	
Capital projects	\$260,431
Debt service	1,397,746
Other purposes	18,646,070
Unrestricted	4,253,117
<i>Total Net Assets</i>	\$24,557,364

See accompanying notes to the basic financial statements.

**Deerfield Township
Warren County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$5,919,349	\$445,605	\$0	\$0	(\$5,473,744)
Payments to schools	3,209,671	0	0	0	(3,209,671)
Public safety	7,004,374	557,714	0	0	(6,446,660)
Public works	946,781	0	0	0	(946,781)
Health	265,981	0	112,083	0	(153,898)
Conservation-Recreation	573,243	20,400	900	0	(551,943)
Capital outlay	2,626,876	0	0	0	(2,626,876)
Debt service:					
Principal retirement	17,400,000	0	0	0	(17,400,000)
Interest and fiscal charges	1,873,665	0	0	0	(1,873,665)
Issuance costs	185,388	0	0	0	(185,388)
	<u>\$40,005,328</u>	<u>\$1,023,719</u>	<u>\$112,983</u>	<u>\$0</u>	<u>(38,868,626)</u>
		General Receipts			
					10,354,441
					2,467,973
					7,279,022
					5,200,000
					10,980,000
					621,041
					302,142
					<u>37,204,619</u>
					(1,664,007)
					<u>26,221,371</u>
					<u>\$24,557,364</u>

See accompanying notes to the basic financial statements.

Deerfield Township
Warren County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2008

	General Fund	Police District Fund	Fire Fund Special Levy	1998 TIF General Reserve Fund	1998 TIF Revenue Fund	General Bond (Note) Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in pooled cash, cash equivalents and investments	\$4,488,065	\$2,142,926	\$930,831	\$4,092,204	\$5,601,685	\$63,739	\$7,237,914	\$24,557,364
<i>Total Assets</i>	<u>\$4,488,065</u>	<u>\$2,142,926</u>	<u>\$930,831</u>	<u>\$4,092,204</u>	<u>\$5,601,685</u>	<u>\$63,739</u>	<u>\$7,237,914</u>	<u>\$24,557,364</u>
Fund Balances								
Reserved:								
Reserved for encumbrances	\$234,948	\$3,747	\$43,034	\$0	\$0	\$0	\$621,940	\$903,669
Unreserved:								
Undesignated, reported in:								
General fund	4,253,117	0	0	0	0	0	0	4,253,117
Special revenue funds	0	2,139,179	887,797	4,092,204	5,601,685	0	5,021,536	17,742,401
Debt service funds	0	0	0	0	0	63,739	1,334,007	1,397,746
Capital projects funds	0	0	0	0	0	0	260,431	260,431
<i>Total Fund Balances</i>	<u>\$4,488,065</u>	<u>\$2,142,926</u>	<u>\$930,831</u>	<u>\$4,092,204</u>	<u>\$5,601,685</u>	<u>\$63,739</u>	<u>\$7,237,914</u>	<u>\$24,557,364</u>

See accompanying notes to the basic financial statements.

**Deerfield Township
Warren County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2008*

	General Fund	Police District Fund	Fire Fund Special Levy	1998 TIF General Reserve Fund	1998 TIF Revenue Fund	General Bond (Note) Retirement Fund	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and other local taxes	\$1,688,222	\$2,104,033	\$3,701,970	\$0	\$0	\$0	\$2,216,922	\$9,711,147
Charges for services	445,605	187,265	60,137	0	0	0	330,712	1,023,719
Licenses, permits and fees	80,630	0	0	0	0	0	0	80,630
Fines and forfeitures	127,044	0	0	0	0	0	0	127,044
Intergovernmental	1,031,716	235,241	401,853	0	0	0	591,489	2,260,299
Special assessments	0	0	0	0	0	0	643,294	643,294
Payments in lieu of taxes	0	0	0	0	7,279,022	0	0	7,279,022
Gifts and contributions	0	0	0	0	0	0	112,983	112,983
Interest	359,243	0	0	97,859	31,433	0	132,506	621,041
Other	70,443	0	0	0	0	0	231,699	302,142
<i>Total Receipts</i>	<u>3,802,903</u>	<u>2,526,539</u>	<u>4,163,960</u>	<u>97,859</u>	<u>7,310,455</u>	<u>0</u>	<u>4,259,605</u>	<u>22,161,321</u>
Disbursements								
Current:								
General government	5,399,305	0	0	0	0	0	0	5,399,305
Payments to schools	0	0	0	3,209,671	0	0	0	3,209,671
Public safety	0	2,046,363	4,733,358	0	0	0	224,653	7,004,374
Public works	0	0	0	0	0	0	946,781	946,781
Health	43,535	0	0	0	0	0	222,446	265,981
Conservation-Recreation	25,474	0	0	0	0	0	547,769	573,243
Other	118,225	0	0	23,626	4,112	0	374,081	520,044
Capital outlay	147,537	234,304	104,190	658,393	0	0	1,482,452	2,626,876
Debt service:								
Principal retirement	0	0	0	0	0	16,280,000	1,120,000	17,400,000
Interest and fiscal charges	0	0	0	0	0	546,058	1,327,607	1,873,665
Issuance costs	0	0	0	0	0	185,388	0	185,388
<i>Total Disbursements</i>	<u>5,734,076</u>	<u>2,280,667</u>	<u>4,837,548</u>	<u>3,891,690</u>	<u>4,112</u>	<u>17,011,446</u>	<u>6,245,789</u>	<u>40,005,328</u>
<i>Excess of receipts over (under) disbursements</i>	<u>(1,931,173)</u>	<u>245,872</u>	<u>(673,588)</u>	<u>(3,793,831)</u>	<u>7,306,343</u>	<u>(17,011,446)</u>	<u>(1,986,184)</u>	<u>(17,844,007)</u>
Other Financing Sources (Uses)								
Bonds issued	0	0	0	0	0	5,200,000	0	5,200,000
Notes issued	0	0	0	0	0	10,980,000	0	10,980,000
Transfers in	832,400	0	400,000	6,044,231	0	830,997	3,125,443	11,233,071
Transfers out	(1,135,716)	0	(95,281)	(832,400)	(5,928,900)	0	(3,240,774)	(11,233,071)
<i>Total Other Financing Sources (Uses)</i>	<u>(303,316)</u>	<u>0</u>	<u>304,719</u>	<u>5,211,831</u>	<u>(5,928,900)</u>	<u>17,010,997</u>	<u>(115,331)</u>	<u>16,180,000</u>
<i>Net Change in Fund Balances</i>	<u>(2,234,489)</u>	<u>245,872</u>	<u>(368,869)</u>	<u>1,418,000</u>	<u>1,377,443</u>	<u>(449)</u>	<u>(2,101,515)</u>	<u>(1,664,007)</u>
<i>Fund Balances Beginning of Year</i>	<u>6,722,554</u>	<u>1,897,054</u>	<u>1,299,700</u>	<u>2,674,204</u>	<u>4,224,242</u>	<u>64,188</u>	<u>9,339,429</u>	<u>26,221,371</u>
<i>Fund Balances End of Year</i>	<u>\$4,488,065</u>	<u>\$2,142,926</u>	<u>\$930,831</u>	<u>\$4,092,204</u>	<u>\$5,601,685</u>	<u>\$63,739</u>	<u>\$7,237,914</u>	<u>\$24,557,364</u>

See accompanying notes to the basic financial statements.

Deerfield Township
Warren County

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2008

	Private Purpose Trust
Assets	
Equity in pooled cash, cash equivalents and investments	<u>\$27,630</u>
<i>Total Assets</i>	<u><u>\$27,630</u></u>
Net Assets	
Unrestricted	<u>\$27,630</u>
<i>Total Net Assets</i>	<u><u>\$27,630</u></u>

See accompanying notes to the basic financial statements.

Deerfield Township

Warren County

Statement of Changes in Fiduciary Net Assets - Cash Basis

Fiduciary Funds

For the Year Ended December 31, 2008

	Private Purpose Trust
Additions	
<i>Total Additions</i>	<u>\$0</u>
Deductions	
Other	<u>360</u>
<i>Total Deductions</i>	<u>360</u>
Change in Net Assets	(360)
Net Assets - beginning of year	<u>27,990</u>
Net Assets - end of year	<u><u>\$27,630</u></u>

See accompanying notes to the basic financial statements.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 1 – Reporting Entity

Deerfield Township, Warren 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, component units 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, emergency medical services and cemetery maintenance. The Township contracts with Warren County for police protection.

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's financial statements. No component units were identified by management for the Township.

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 the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. 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 cash basis of accounting. The more significant of the Township's accounting policies are as follows:

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. As noted above, the statements are prepared on the cash basis of accounting.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

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 each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that 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 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. Fiduciary funds are reported by type.

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 divided into three categories; governmental, proprietary and fiduciary. The funds of the Township are considered governmental and fiduciary.

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 as follows:

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

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Police District Fund – This fund receives the tax monies which are used to pay for police protection services.

Fire Fund Special Levy – This fund receives fire levy monies to be used for the purchase and maintenance of fire equipment and ambulances, and for the payment of salaries and wages of fire fighters and paramedics.

1998 TIF General Reserve Fund – This is the general reserve fund for tax increment financing (TIF) issues.

1998 TIF Revenue Fund – This is the revenue fund for various TIF issues. All related TIF revenues flow into this fund and are then transferred out to the various debt service accounts to pay off the related bonded debt obligations.

General Bond (Note) Retirement Fund – This fund receives monies from the General Fund to be used for the payment of general obligation debt.

Other Governmental Funds - The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for funds that have been bequeathed to the Township. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not have any active agency funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of utilizing the 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. Equity in Pooled Cash, Cash Equivalents and Investments

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

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

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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 2008 the Township invested in nonnegotiable certificates of deposit, a money market mutual fund, Federal National Mortgage Association (FNMA) notes and Federal Home Loan Mortgage Corporation (FHLMC) notes. The nonnegotiable certificates of deposit and the U.S. Treasury and Agency securities are reported at cost. The Township's money market mutual fund investment is recorded at the cost amount reported by Fifth Third Securities, Inc. on December 31, 2008.

Investment earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Total investment income for the Township during 2008 was \$621,041, with \$359,243 credited to the General Fund.

E. 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.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out as interfund activities. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. 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 to the financial statements, the employer contributions

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

The Township's 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. 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 police and fire. 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.

M. 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 fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. 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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 3 – Compliance

The Township is responsible for compliance with various sections of the Ohio Revised Code. Contrary to the requirements of Section 5705.41(b), the Township disbursed amounts exceeding authorized appropriations in the following funds:

Fund	Appropriation Measure	Disbursements	Amount by which disbursements exceeded appropriations
Road and Bridge	\$2,110,000	\$2,200,949	\$90,949
Police District Fund	1,900,000	2,280,667	380,667
Cemetery	200,000	229,052	29,052
Fire Fund - Special Levy	4,800,000	4,932,829	132,829

Also, contrary to the requirements of Section 5705.41(D), the Township expended amounts without encumbering in the road and bridge, police district fund, cemetery and fire fund-special levy funds.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Township's Treasury. Active monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits may be deposited or invested only as certificates of deposit maturing no 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 needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities 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;

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Township's bank balance of \$17,080,341 was exposed to custodial credit risk because all deposits were either covered by insurance from the Federal Deposit Insurance Corporation or by collateral held by an agent in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law (Ohio Revised Code Chapter 135, Uniform Depository Act) 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.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Investments

The Township's investments are carried at cost. As of December 31, 2008, the Township had the following investments and maturities all of which mature at six months or less:

<u>Investment Type</u>	<u>Cost</u>
Money Market Fund	\$ 6,160,398
FHLMC Notes	1,026,825
FNMA Notes	<u>1,000,000</u>
	<u>\$8,187,223</u>

Interest Rate Risk: As a means of maximizing interest earnings in conjunction with minimizing fair value losses and maintaining consistent cash availability, the Township's investment portfolio is structured as a five-year ladder. The Township does not have an investment policy other than State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The Township's investments in the Money Market Funds, FHLMC, and FNMA were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively, as of December 31, 2008. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

Concentration of Credit Risk: The Township places no limit on the amount it may be invested in any one issuer. Of the Township's total investments, 75% are Money Market Funds, 13% are FHLMC notes and 12% are FNMA notes.

Reconciliation of Cash, Cash Equivalents and Investments

The following is a reconciliation of cash and investments to the Statement of Net Assets as of December 31, 2008.

Investments (summarized above)	\$8,187,223
Carrying amount of the Township's Deposits	<u>16,370,141</u>
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$24,557,364</u>

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. Property tax receipts received in 2008 for real and public utility property taxes represent collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

Real property taxes for 2008 are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes for 2008 are collected and intended to finance 2009.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes for 2008, which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

Tangible property taxes for 2008 are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the balance due September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, totaled \$10.60 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real property	\$1,055,614,250
Public utility property	16,902,170
Tangible personal property	<u>2,777,610</u>
Total assessed values	<u><u>\$1,075,294,030</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

The Township is exposed to various risks of injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

The various types and extent of coverage provided by OTARMA are as follows:

Coverage	Total Amount
Commercial property	\$15,000,000
Ordinance and law	\$250,000
Vehicle	\$250,000 or actual cost
Errors and omissions	\$500,000
Fidelity and deposit	\$50,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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, OTARMA retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

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 (Travelers) reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 totaled \$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 township.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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 net assets as of December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>13,357,837</u>	<u>12,120,661</u>
Net assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

As of December 31, 2007 and 2006, casualty coverage liabilities noted above include approximately \$12,547,523 and \$11,283,123 estimated incurred claims payable, respectively. The assets and net assets above also include approximately \$1,596,789 and \$(787,926) 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 \$180,000. 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 charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2008	\$92,905
2007	\$92,630
2006	\$105,428

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the OTARMA. 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

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing,

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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. While members in the state and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll, public safety members contributed 10.1 percent and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2008 was 14 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution rate was 17.4 percent of covered payroll. For 2008, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006, totaled \$438,900, \$296,975, and \$325,296, respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 totaled \$256,025 made by the Township and \$182,875 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by state statute. For 2008, a portion of the Township's contribution equal to

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters totaled \$498,950 for the year ended December 31, 2008, \$446,200 for the year ended December 31, 2007 and \$455,902 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was seven percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006, totaled \$128,012, \$117,930, and \$96,027, respectively; 100 percent has been contributed for 2008, 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased which allowed additional funds to be allocated to the healthcare plan.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan (the Plan) administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible child dependent of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters totaled \$99,056 for the year ended December 31, 2008, \$125,382 for the year ended December 31, 2007 and \$147,256 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 9 - Notes Payable

A summary of the short-term note transactions for the year ended December 31, 2008 is as follows:

	Amount Outstanding 1/1/2008	Issued	Retired	Amount Outstanding 12/31/2008
Bond Anticipation Notes, Series 2007 – 3.45%	\$16,280,000	\$ -	\$16,280,000	\$ -
General Obligation Notes, Series 2008 – 2.15%	-	10,980,000	-	10,980,000
Total	<u>\$16,280,000</u>	<u>\$10,980,000</u>	<u>\$16,280,000</u>	<u>\$10,980,000</u>

All note proceeds had been spent as of December 31, 2008. The notes are backed by the full faith and credit of the Township and are due within one year.

Note 10 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the Township during 2008 follows:

	Amount Outstanding 1/1/2008	Issued	Retired	Amount Outstanding 12/31/2008	Amounts Due in One Year
<u>Governmental Activities:</u>					
<u>Tax Increment Revenue Notes and Bonds:</u>					
Tax Increment Revenue Notes, Series 2001B – 4.73%	\$10,955,000	\$ -	\$(410,000)	\$10,545,000	\$425,000
Tax Increment Revenue Notes, Series 1998 – 4.5%	7,330,000	-	(315,000)	7,015,000	330,000
Tax Increment Revenue Notes, Series 2007 – 4.74%	8,455,000	-	(260,000)	8,195,000	275,000
<u>Special Assessment Bonds:</u>					
Long-term Road Improvement Special Assessment Bonds – 3.78%	595,000	-	(75,000)	520,000	80,000
Long-term Road Improvement Special Assessment Bonds – 3.83%	535,000	-	(60,000)	475,000	60,000
<u>General Obligation Bonds:</u>					
General Obligation Bonds – Series 2008 – 4.00% - 5.25%	-	5,200,000	-	5,200,000	-
Total Governmental Activities	<u>\$27,870,000</u>	<u>\$5,200,000</u>	<u>\$(1,120,000)</u>	<u>\$31,950,000</u>	<u>\$1,170,000</u>

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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

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

Tax Increment Revenue Notes and Bonds

Year(s)	Principal	Interest	Total
2009	\$1,030,000	\$1,240,906	\$2,270,906
2010	1,070,000	1,197,444	2,267,444
2011	1,120,000	1,148,756	2,268,756
2012	1,170,000	1,100,566	2,270,566
2013	1,225,000	1,044,579	2,269,579
2014-2018	7,020,000	4,322,131	11,342,131
2019-2023	8,900,000	2,441,704	11,341,704
2024-2025	4,220,000	319,000	4,539,000
	<u>\$25,755,000</u>	<u>\$12,815,086</u>	<u>\$38,570,086</u>

Special Assessment Bonds

Year(s)	Principal	Interest	Total
2009	\$140,000	\$41,330	\$181,330
2010	140,000	36,430	176,430
2011	155,000	30,955	185,955
2012	155,000	24,700	179,700
2013	160,000	18,050	178,050
2014-2015	245,000	13,750	258,750
	<u>\$995,000</u>	<u>\$165,215</u>	<u>\$1,160,215</u>

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Various Purpose General Obligation Bonds

Year(s)	Principal	Interest	Total
2009	\$-	\$303,043	\$303,043
2010	190,000	269,371	459,371
2011	195,000	261,771	456,771
2012	205,000	253,971	458,971
2013	210,000	245,771	455,771
2014-2018	1,160,000	1,092,545	2,252,545
2019-2023	1,425,000	771,957	2,196,957
2024-2028	1,815,000	323,151	2,138,151
	<u>\$5,200,000</u>	<u>\$3,521,580</u>	<u>\$8,721,580</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Ohio Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed the amount equal to 10.5 percent of its tax valuation. The Township is in compliance with both code sections.

Note 11 – Leases

The Township leases its operating facility under a noncancelable lease. The Township disbursed \$185,160 to pay lease costs for the year ended December 31, 2008. Future lease payments are as follows:

Year ending

2009	\$175,138
2010	180,364
2011	185,791
2012	94,260
Total	<u>\$635,553</u>

Deerfield Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 12 – Interfund Transfers

The Township made the following transfers during 2008:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General fund	\$832,400	\$1,135,716
Fire fund special levy	400,000	95,281
1998 TIF general reserve fund	6,044,231	832,400
1998 TIF revenue fund	-	5,928,900
General bond (note) retirement fund	830,997	-
Other nonmajor governmental funds	<u>3,125,443</u>	<u>3,240,774</u>
	<u>\$11,233,071</u>	<u>\$11,233,071</u>

Note 13 – Construction and Contractual Commitments

As of December 31, 2008, the Township has contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the Township. The list below reflects the major contracts that comprise commitments as of December 31, 2008:

<u>Description</u>	<u>Remaining Contractual Commitment</u>
Montgomery Road sidewalk construction	\$200,000

Note 14 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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 to the Township's basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Deerfield Township
Warren County

*Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other local taxes	\$1,408,887	\$1,408,887	\$1,688,222	\$279,335
Charges for services	493,454	493,454	445,605	(47,849)
Licenses, permits and fees	93,528	93,528	80,630	(12,898)
Fines and forfeitures	101,760	101,760	127,044	25,284
Intergovernmental	555,034	555,034	1,031,716	476,682
Interest	76,998	76,998	359,243	282,245
Other	93,525	93,525	70,443	(23,082)
<i>Total Receipts</i>	<u>2,823,186</u>	<u>2,823,186</u>	<u>3,802,903</u>	<u>979,717</u>
Disbursements				
Current:				
General government	6,698,016	6,558,266	5,634,253	924,013
Health	54,056	52,928	43,535	9,393
Conservation-Recreation	31,295	30,642	25,474	5,168
Other	146,521	143,464	118,225	25,239
Capital outlay	182,796	178,982	147,537	31,445
<i>Total Disbursements</i>	<u>7,112,684</u>	<u>6,964,282</u>	<u>5,969,024</u>	<u>995,258</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,289,498)</u>	<u>(4,141,096)</u>	<u>(2,166,121)</u>	<u>1,974,975</u>
Other Financing Sources (Uses)				
Transfers in	832,400	832,400	832,400	0
Transfers out	(1,135,716)	(1,135,716)	(1,135,716)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(303,316)</u>	<u>(303,316)</u>	<u>(303,316)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(4,592,814)</u>	<u>(4,444,412)</u>	<u>(2,469,437)</u>	<u>1,974,975</u>
<i>Fund Balances - beginning of year</i>	4,592,815	4,592,815	4,592,815	0
<i>Prior Year Encumbrances Appropriated</i>	2,129,739	2,129,739	2,129,739	0
<i>Fund balances - end of year</i>	<u>\$2,129,740</u>	<u>\$2,278,142</u>	<u>\$4,253,117</u>	<u>\$1,974,975</u>

See accompanying notes to the required supplementary information.

Deerfield Township
Warren County
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$1,795,868	\$1,795,868	\$2,104,033	\$308,165
Charges for services	249,759	249,759	187,265	(62,494)
Intergovernmental	252,808	252,808	235,241	(17,567)
<i>Total Receipts</i>	<u>2,298,435</u>	<u>2,298,435</u>	<u>2,526,539</u>	<u>228,104</u>
Disbursements				
Current:				
Public safety	3,880,207	1,610,368	2,050,110	(439,742)
Capital outlay	289,632	289,632	234,304	55,328
<i>Total Disbursements</i>	<u>4,169,839</u>	<u>1,900,000</u>	<u>2,284,414</u>	<u>(384,414)</u>
<i>Net Change in Fund Balances</i>	(1,871,404)	398,435	242,125	(156,310)
<i>Fund Balances - beginning of year</i>	1,871,404	1,871,404	1,871,404	0
<i>Prior Year Encumbrances Appropriated</i>	<u>25,650</u>	<u>25,650</u>	<u>25,650</u>	<u>0</u>
<i>Fund Balances - end of year</i>	<u>\$25,650</u>	<u>\$2,295,489</u>	<u>\$2,139,179</u>	<u>(\$156,310)</u>

See accompanying notes to the required supplementary information.

Deerfield Township
Warren County
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund Special Levy
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$2,869,102	\$2,869,102	\$3,701,970	\$832,868
Charges for services	25,507	25,507	60,137	34,630
Intergovernmental	485,391	485,391	401,853	(83,538)
<i>Total Receipts</i>	<u>3,380,000</u>	<u>3,380,000</u>	<u>4,163,960</u>	<u>783,960</u>
Disbursements				
Current:				
Public safety	4,790,099	4,577,205	4,776,392	(199,187)
Capital outlay	127,514	127,514	104,190	23,324
<i>Total Disbursements</i>	<u>4,917,613</u>	<u>4,704,719</u>	<u>4,880,582</u>	<u>(175,863)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,537,613)</u>	<u>(1,324,719)</u>	<u>(716,622)</u>	<u>608,097</u>
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	0
Transfers Out	(95,281)	(95,281)	(95,281)	0
<i>Total Other Financing Sources (Uses)</i>	<u>304,719</u>	<u>304,719</u>	<u>304,719</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(1,232,894)	(1,020,000)	(411,903)	608,097
<i>Fund Balances - beginning of year</i>	1,232,894	1,232,894	1,232,894	0
<i>Prior Year Encumbrances Appropriated</i>	<u>66,806</u>	<u>66,806</u>	<u>66,806</u>	<u>0</u>
<i>Fund Balances - end of year</i>	<u>\$66,806</u>	<u>\$279,700</u>	<u>\$887,797</u>	<u>\$608,097</u>

See accompanying notes to the required supplementary information.

Deerfield Township
Warren County
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
1998 TIF General Reserve Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Interest	\$98,000	\$98,000	\$97,859	(\$141)
<i>Total Receipts</i>	98,000	98,000	97,859	(141)
Disbursements				
Current:				
Payments to schools	3,210,000	3,210,000	3,209,671	329
Other	23,700	23,700	23,626	74
Capital outlay	700,000	700,000	658,393	41,607
<i>Total Disbursements</i>	3,933,700	3,933,700	3,891,690	42,010
<i>Excess of receipts over (under) disbursements</i>	(3,835,700)	(3,835,700)	(3,793,831)	41,869
Other Financing Sources (Uses)				
Transfers In	6,045,000	6,045,000	6,044,231	(769)
Transfers Out	(832,400)	(832,400)	(832,400)	0
<i>Total Other Financing Sources (Uses)</i>	5,212,600	5,212,600	5,211,831	(769)
<i>Net Change in Fund Balances</i>	1,376,900	1,376,900	1,418,000	41,100
<i>Fund Balances - beginning of year</i>	2,674,204	2,674,204	2,674,204	0
<i>Fund Balances - end of year</i>	\$4,051,104	\$4,051,104	\$4,092,204	\$41,100

See accompanying notes to the required supplementary information.

Deerfield Township
Warren County
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
1998 TIF Revenue Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Payments in lieu of taxes	\$7,279,000	\$7,279,000	\$7,279,022	\$22
Interest	31,500	31,500	31,433	(67)
<i>Total Receipts</i>	<u>7,310,500</u>	<u>7,310,500</u>	<u>7,310,455</u>	<u>(45)</u>
Disbursements				
Current:				
Other	4,200	4,200	4,112	88
<i>Total Disbursements</i>	<u>4,200</u>	<u>4,200</u>	<u>4,112</u>	<u>88</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,306,300</u>	<u>7,306,300</u>	<u>7,306,343</u>	<u>43</u>
Other Financing Sources (Uses)				
Transfers out	(5,928,900)	(5,928,900)	(5,928,900)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,928,900)</u>	<u>(5,928,900)</u>	<u>(5,928,900)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,377,400	1,377,400	1,377,443	43
<i>Fund Balances - beginning of year</i>	<u>4,224,242</u>	<u>4,224,242</u>	<u>4,224,242</u>	<u>0</u>
<i>Fund Balances - end of year</i>	<u>\$5,601,642</u>	<u>\$5,601,642</u>	<u>\$5,601,685</u>	<u>\$43</u>

See accompanying notes to the required supplementary information.

**Deerfield Township
Warren County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2008**

1. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major budgetary 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 department, and object level for all funds and, within each, the amount appropriated for personal services.

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

The appropriations 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.

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The following table summarized the adjustments necessary to reconcile the cash basis statements to the budgetary basis schedules for:

	General	Police District	Fire Fund Special Levy	1998 TIF General Reserve	1998 TIF Revenue
Cash Basis	\$ (2,234,489)	\$ 245,872	\$ (368,869)	\$1,418,000	\$1,377,443
Outstanding Encumbrances	234,948	3,747	43,034	0	0
Budget Basis	\$ (2,469,437)	\$ 242,125	\$ (411,903)	\$1,418,000	\$1,377,443

Independent Accountants Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Deerfield Township
Warren County
4900 Parkway Drive, Suite 150
Mason, Ohio 45040

We have audited the financial statements of Deerfield Township as of and for the year ended December 31, 2008, and have issued our report thereon dated June 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Deerfield Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Deerfield Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A 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 the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider finding 2008-001 described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 considered to be material weaknesses. However, we do not believe that the significant deficiency described

above is a material weakness.

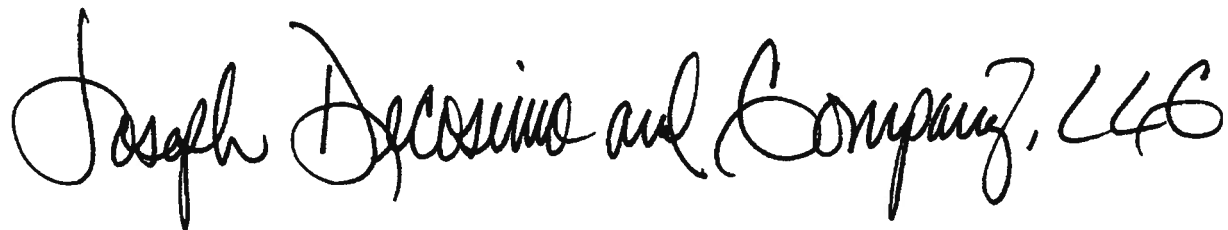
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deerfield Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as findings 2008-002 and 2008-003.

We noted certain matters that we reported to the management of Deerfield Township in a separate report dated June 24, 2009.

Deerfield Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Deerfield Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and the Board of Trustees of Deerfield Township and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 24, 2009

DEERFIELD TOWNSHIP

WARREN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

REQUIRED TO BE REPORTED IN ACCORDANCE

WITH *GOVERNMENT AUDITING STANDARDS*

FINDING NUMBER 2008-001

Significant Deficiency – Segregation of Duties

Criteria

Segregation of duties, including proper oversight and review procedures, is an essential element of effective internal controls involving the separation of custody of assets from the related recording of transactions. The objective of internal control over cash receipts and cash disbursements is to maintain control over cash received and cash disbursed. To achieve this control, more than one member of personnel should handle duties involving cash receipts and cash disbursements. Our audit revealed a lack of segregation of duties within the cash receipts and cash disbursements areas. This situation allows for a breakdown in controls and the potential for misappropriation of assets to occur and not be detected within a reasonable amount of time.

Condition

Currently, the Accounting Manager has access to and or the the ability to handle receipts, disbursements and also is responsible for reconciling the bank statement, maintaining the vendor masterfile and posting all journal entries to the general ledger.

Cause

The accounting department is essentially comprised of one full time employee. The Township has made numerous changes to mitigate the risks associated with the issues above. The Township is still undergoing attempts to create and implement procedures to alleviate the segregation of duties issues. However, the lack of staffing remains as the Township's largest obstacle for mitigating the associated risks.

Effect

Controls are not in place to act as a check and balance on the employee's duties and responsibilities. Fraud, error or omissions to the financial statements may occur and may not be detected by employees in the normal course of their duties.

Recommendation

Management should continue to develop policies and procedures beyond those which have already been developed and implement those policies and procedures to strengthen internal controls. In addition, management should review the controls implemented on a periodic basis to determine adequacy and effectiveness.

Views of Responsible Officials and Planned Corrective Actions:

We concur with these findings. The Township is currently addressing the issues listed.

FINDING NUMBER 2008-002

Noncompliance Citation – Disbursements Exceeding Appropriations

Ohio Revised Code Section 5705.41(b) provides that total disbursements from each fund shall not exceed the total amounts appropriated.

Contrary to the requirements of Section 5705.41(b), the Township disbursed amounts exceeding authorized appropriations in the following funds:

Fund	Appropriation Measure	Disbursements	Amount by which disbursements exceeded appropriations
Road and bridge	\$ 2,110,000	\$ 2,200,949	\$ 90,949
Police district	\$ 1,900,000	\$ 2,280,687	\$ 380,687
Cemetery	\$ 200,000	\$ 229,052	\$ 29,052
Fire fund special levy	\$ 4,800,000	\$ 4,932,829	\$ 132,829

Views of Responsible Officials and Planned Corrective Actions:

We concur with these findings. The Township is currently addressing the issues listed.

FINDING NUMBER 2008-003

Noncompliance Citation – Failure to Properly Encumber

Ohio Revised Code Section 5705.41(D) provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Contrary to the requirements of Section 5705.41(D), the Township expended amounts without encumbering in the road and bridge, police district, cemetery and fire fund special levy.

Views of Responsible Officials and Planned Corrective Actions:

We concur with the finding. The Township is currently addressing the issues listed.

DEERFIELD TOWNSHIP
WARREN COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2007-001	Significant Deficiency/Material Weakness – Material Audit Adjustments Related to Debt	Yes	Corrected
2007-002	Significant Deficiency – Segregation of Duties Over Cash Receipts	No	Partially Corrected, reissued as finding number 2008-001
2007-003	Noncompliance Citation – Appropriations Exceeding Estimated Resources	Yes	Corrected
2007-004	Noncompliance Citation – Failure to Properly Encumber	No	Not Corrected, reissued as finding number 2008-003



Mary Taylor, CPA
Auditor of State

DEERFIELD TOWNSHIP

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2009**