



Dave Yost • Auditor of State

FAIRFIELD TOWNSHIP
BUTLER COUNTY

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Dave Yost • Auditor of State

Fairfield Township
Butler County
6032 Morris Road
Hamilton, Ohio 45011

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

November 11, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fairfield Township
Butler County
6032 Morris Road
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of Fairfield Township, Butler County, Ohio (the Township), as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Fairfield Township, Butler County, as of December 31, 2010, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

November 11, 2011

FAIRFIELD TOWNSHIP
BUTLER COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$642,630	\$6,359,867	-	-	\$7,002,497
Charges for Services	-	332,711	-	-	332,711
Licenses, Permits, and Fees	442,283	6,941	-	-	449,224
Fines and Forfeitures	40,463	5,118	-	-	45,581
Intergovernmental	807,110	1,030,044	-	\$84,436	1,921,590
Special Assessments	-	104,307	-	-	104,307
Earnings on Investments	32,470	134	-	-	32,604
Miscellaneous	15,725	19,673	-	-	35,398
Total Cash Receipts	1,980,681	7,858,795	-	84,436	9,923,912
Cash Disbursements:					
Current:					
General Government	901,295	1,810	-	-	903,105
Public Safety	-	4,640,220	-	-	4,640,220
Public Works	53,343	827,508	-	-	880,851
Health	9,746	-	-	-	9,746
Conservation/Recreation	26,447	-	-	-	26,447
Capital Outlay	320,729	294,162	-	54,880	669,771
Debt Service:					
Redemption of Principal	-	4,365,000	121,462	-	4,486,462
Interest and Other Fiscal Charges	-	605,171	6,462	-	611,633
Total Cash Disbursements	1,311,560	10,733,871	127,924	54,880	12,228,235
Total Receipts Over/(Under) Disbursements	669,121	(2,875,076)	(127,924)	29,556	(2,304,323)
Other Financing Receipts/(Disbursements):					
Sale of Notes	-	3,000,000	-	-	3,000,000
Transfers-In	-	-	134,387	-	134,387
Transfers-Out	-	(134,387)	-	-	(134,387)
Advances-In	510,444	312,329	-	-	822,773
Advances-Out	(312,329)	(510,444)	-	-	(822,773)
Other Financing Sources	591	2,637	-	-	3,228
Other Financing Uses	(659)	(543,855)	-	-	(544,514)
Total Other Financing Receipts/(Disbursements)	198,047	2,126,280	134,387	-	2,458,714
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	867,168	(748,796)	6,463	29,556	154,391
Fund Cash Balance, January 1	4,767,335	6,175,865	9,487	289,576	11,242,263
Fund Cash Balance, December 31	\$5,634,503	\$5,427,069	\$15,950	\$319,132	\$11,396,654
Reserve for Encumbrances, December 31	\$274,345	\$124,372	\$0	\$0	\$398,717

The Notes to the Financial Statements are an integral part of this statement.

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**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Fairfield Township, Butler County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Princeton Road TIF Fund - This fund receives property tax money for the construction and development of Princeton Road.

Millikin Road TIF Fund - This fund receives property tax money for the construction and development of Millikin Road.

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

Police Station Bond Retirement – This fund accumulates resources for the payment of principal and interest for the Police Station bonds and notes.

Princeton Road Bond Retirement – This fund accumulates resources for the payment of principal interest for the Princeton Road bond and notes.

4. Capital Project Funds

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

Fairfield Township RID Project – This fund accumulates resources for construction.

Gilmore Road – This fund accumulates resources for road construction of Gilmore Road.

Princeton Road Project – This fund accumulates resources for road construction of Princeton Road.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2010 budgetary activity appears in Note 3.

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2010
Demand deposits	\$3,862,910
Certificates of deposit	2,095,000
NOW accounts	5,438,744
Total deposits	\$11,396,654

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,964,143	\$1,981,272	\$17,129
Special Revenue	10,842,868	10,861,432	18,564
Debt Service	134,387	134,387	0
Capital Projects	84,436	84,436	0
Total	\$13,025,834	\$13,061,527	\$35,693

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$2,771,963	\$1,586,564	\$1,185,399
Special Revenue	13,497,255	11,536,485	1,960,770
Debt Service	134,388	127,924	6,464
Capital Projects	166,827	54,880	111,947
Total	\$16,570,433	\$13,305,853	\$3,264,580

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Police Station General Obligation Bonds - 2001	\$113,538	2.15 - 5.5 %
Limited Tax General Obligation Bonds - 2005	4,275,000	3.0 - 5.0%
Long Term General Obligation Bonds - 2006	3,910,000	4.0 - 4.4 %
By-Pass 4 Township General Obligation Bonds - 2009	2,860,000	1.875 - 6.5%
Township Road Improvement Bond Anticipation Notes - First Renewal 2010	3,000,000	1.63%
Total	\$14,158,538	

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

5. Debt (Continued)

The Township issued \$995,000 general obligation bonds in December 2001, for the construction and equipping of a new Police Station. The notes will be repaid in yearly installment, with a variable interest rate of 2.15% to 5.5%, over a ten year period, maturing in December 2011. The general obligation notes are direct obligations and pledge the full faith and credit of the government.

The Township issued \$5,260,000 general obligation bonds in July 2005, for the improvements to Township roads. The bonds will be repaid in yearly installments, with a variable interest rate of 3.00% to 5.00%, over a twenty year period, maturing in December 2024. The general obligation bonds are unvoted general obligation debt of the Township. They are direct obligations and pledge the full faith and credit of the government. The Township intends to pay debt service on a portion of the bonds from service payments in lieu of taxes.

The Township issued \$4,360,000 in limited tax general obligation bonds in July of 2006, to finance public infrastructure improvements in the Township and any land acquisitions necessary for those improvements. The bonds will be repaid with a variable interest rate of 4.00% to 4.40 % maturing in December 2027. The bonds are unvoted general obligation debt of the Township. The Township intends to pay a portion of the bonds from service payments in lieu of taxes.

The Township joint ventured with the City of Hamilton and Butler County on the By-Pass 4 Recovery Zone Transportation Improvement District (TID) debt issuance. In 2009 bonds were issued for a total \$7,275,000, of which the Township's responsibility is \$2,860,000. The bonds are payable to the Butler County Transportation District in annual principal and semi-annual interest payments over a twenty year period ending in December 2029, with a variable interest rate of 1.875% to 6.5%. The general obligation debt is direct obligations and pledge the full faith and credit of the government. The TID is subject to an interest credit from the Internal Revenue Service at 45%; the interest credit applicable to the Township's portion of debt this will be paid to the Township from the Butler County Transportation District as received.

The Township issued \$3,000,000 in Township Road Improvement Bond Anticipation Notes – First Renewal 2010 in June of 2010. This note paid off the \$4,000,000 general obligation notes issued in June 2009 for the Princeton - Gilmore Road improvement note. The notes carry an interest rate of 1.625% and are to be repaid in June 2011. The notes are a direct obligation and pledge the full faith, credit and revenue of the Township.

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

Year ending December 31:	Police Station Bonds	2005 Long Term General Obligation Bonds	2006 Limited Tax General Obligation Bonds	2009 By-Pass 4 Township General Obligation Bonds	2010 First Renewal Township Road Improvement Bond Anticipation Notes
2011	\$126,600	\$425,675	\$331,833	\$254,256	\$3,048,615
2012		429,925	330,232	252,381	
2013		428,425	328,432	255,006	
2014		431,425	331,214	251,856	
2015		428,675	328,583	253,181	
2016-2020		2,145,875	1,647,160	1,272,950	
2021-2025		1,713,450	1,644,803	1,271,731	
2026-2030			655,920	1,021,575	
Total	<u>\$126,600</u>	<u>\$6,003,450</u>	<u>\$5,598,177</u>	<u>\$4,832,936</u>	<u>\$3,048,615</u>

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

6. Tax Increment Financing

Route 4 – Millikin Road Bridge – 1999 TIF Zone

In 1999 the Township adopted Resolution 98-95 to create a Tax Increment Financing zone for improvements on Route 4 and Millikin Road Bridge. The Township entered into a Tax Increment Financing (TIF) agreement with DPR Properties, Inc. on May 20, 1999 for Phase I and Phase II of the Millikin Road Bridge/Route 4 development project. The Township issued general obligation debt related to the 1999 TIF zone at Route 4 and Millikin Road in 2005. Service agreements existed for these parcels. Additional payments are made to Fairfield City School District since they are impacted by the exemption.

By-Pass 4 and Princeton Road – 2001 TIF Zone

In June 2001 the Township adopted Resolution 01-49 authorizing participation in tax increment financing zones (TIF) applicable to eight tracts of real property covering 368.709 acres of land. The resolution included public infrastructure improvement projects in which construction was to be started right away and also denoted potential future projects expected for improvement as TIF zone areas developed. The Township issued general obligation debt related to TIF zone at the Princeton Road – Bridgewater Falls development in 2006. Service agreements existed with the Bridgewater Falls parcels. The Township issued general obligation bond anticipation notes related to the TIF zone for Princeton and Gilmore Roads in 2010. Additional payments are made to Fairfield City School District since they are impacted by the exemption.

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010, OP&F participants contributed 10% of their wages. For 2010, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2010, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

8. Risk Management

The Township is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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.

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

8. Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

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

**FAIRFIELD TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

8. Risk Management (Continued)

Contributions to OTARMA

2010 \$65,468
2009 \$49,716
2008 \$56,352

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

9. Joint Ventures

Hamilton-Indian Springs Joint Economic Development Districts

In 1996, the Township entered into a contract with the City of Hamilton to form a Joint Economic Development District (JEDD). The JEDD was established for mutual betterment of Fairfield Township, the City of Hamilton and their surrounds. The objective is to create jobs and to enable long term expanded economic opportunity for the benefit of the combined region and for State of Ohio.

In 2004 a second JEDD (JEDDII) was established via a contract with the City of Hamilton to include over 100 acres of retail development in the area around State Route 129 and State Route 4 By-Pass.

The JEDD territories are subject to a two percent income tax rate on withholdings, and net profits of businesses located in the JEDD. The City of Hamilton administers the income tax collections.

Transportation Improvement District

The Township entered into a contract with Butler County and the City of Hamilton creating a Transportation Improvement District for the by-pass 4 recovery zone improvement project. In creating the TID the Township approved debt issuance of up to \$2,900,000. The actual debt issuance was \$2,860,000, see note 5 for details.



Dave Yost • Auditor of State

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

Fairfield Township
Butler County
6032 Morris Road
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the financial statements of Fairfield Township, Butler County, Ohio (the Township), as of and for the year ended December 31, 2010, and have issued our report thereon dated November 11, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 11, 2011

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

November 11, 2011

FAIRFIELD TOWNSHIP
BUTLER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Administrative Section 117-2, failure to properly post revenues and expenditures.	Yes	

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Dave Yost • Auditor of State

FAIRFIELD TOWNSHIP

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 29, 2011**