



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

DEERCREEK TOWNSHIP
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Deercreek Township
104 South Main Street
Williamsport, Ohio 43164

We have reviewed the *Independent Auditor's Report* of Deercreek Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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. Deercreek Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 28, 2014

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Deercreek Township
Pickaway County, Ohio
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For the Fiscal Years Ended December 31, 2013 and 2012

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Deercreek Township
Pickaway County
104 South Main Street
Williamsport, Ohio 43164

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Deercreek Township, Pickaway County, (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Deercreek Township, Pickaway County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
March 10, 2014

Deercreek Township, Pickaway County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Types
For the Year Ended December 31, 2013

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 66,368	\$ 37,953	\$ -	\$ 104,321
Intergovernmental	24,586	101,981	-	126,567
Fees, Licenses and Permits	1,059	10,400	-	11,459
Interest	1,011	960	-	1,971
Miscellaneous	12,327	11,323	-	23,650
<i>Total Cash Receipts</i>	<u>105,351</u>	<u>162,617</u>	<u>-</u>	<u>267,968</u>
Cash Disbursements				
Current:				
General Government	70,430	30,845	-	101,275
Public Safety	1,754	-	-	1,754
Public Works	-	95,060	-	95,060
Health	1,057	28,539	-	29,596
Capital Outlay	160	306	-	466
Debt Service:				
Principal Retirement	-	-	19,744	19,744
Interest and Fiscal Charges	-	-	2,720	2,720
<i>Total Cash Disbursements</i>	<u>73,401</u>	<u>154,750</u>	<u>22,464</u>	<u>250,615</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>31,950</u>	<u>7,867</u>	<u>(22,464)</u>	<u>17,353</u>
Other Financing Sources (Uses)				
Transfers In	-	-	22,464	22,464
Transfers Out	(22,464)	-	-	(22,464)
<i>Total Other Financing Sources (Uses)</i>	<u>(22,464)</u>	<u>-</u>	<u>22,464</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	9,486	7,867	-	17,353
<i>Fund Cash Balances, January 1</i>	<u>64,466</u>	<u>1,125,215</u>	<u>-</u>	<u>1,189,681</u>
Fund Cash Balances, December 31				
Restricted	-	1,133,082	-	1,133,082
Committed	6,208	-	-	6,208
Unassigned	67,744	-	-	67,744
<i>Fund Cash Balances, December 31</i>	<u>\$ 73,952</u>	<u>\$ 1,133,082</u>	<u>\$ -</u>	<u>\$ 1,207,034</u>

See accompanying notes to the financial statements.

Deercreek Township, Pickaway County
*Statement of Cash Receipts, Cash Disbursements, and
 Changes in Fund Cash Balance - Fiduciary Fund Type
 For the Year Ended December 31, 2013*

	Fiduciary Fund Type
	Private Purpose Trust
Non-Operating Cash Receipts	
Interest	\$ 12
<i>Total Non-Operating Cash Receipts</i>	12
<i>Net Receipts Over Disbursements</i>	12
<i>Fund Cash Balances, January 1</i>	7,708
Fund Cash Balances, December 31	\$ 7,720

See accompanying notes to the financial statements.

Deercreek Township, Pickaway County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Types
For the Year Ended December 31, 2012

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property and Other Local Taxes	\$ 65,230	\$ 60,213	\$ 125,443
Intergovernmental	22,437	114,111	136,548
Fines, Licenses and Permits	1,194	-	1,194
Interest	1,192	1,067	2,259
Miscellaneous	12,551	6,200	18,751
<i>Total Cash Receipts</i>	<u>102,604</u>	<u>181,591</u>	<u>284,195</u>
Cash Disbursements			
Current:			
General Government	95,455	12,594	108,049
Public Safety	15	-	15
Public Works	-	37,206	37,206
Health	655	40,739	41,394
Capital Outlay	-	2,724	2,724
<i>Total Cash Disbursements</i>	<u>96,125</u>	<u>93,263</u>	<u>189,388</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>6,479</u>	<u>88,328</u>	<u>94,807</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	6,000	-	6,000
Proceeds of Notes	68,000	-	68,000
<i>Total Other Financing Sources (Uses)</i>	<u>74,000</u>	<u>-</u>	<u>74,000</u>
<i>Net Change in Fund Cash Balances</i>	80,479	88,328	168,807
<i>Fund Cash Balances, January 1</i>	<u>(16,013)</u>	<u>1,036,887</u>	<u>1,020,874</u>
Fund Cash Balances, December 31			
Restricted	-	1,125,215	1,125,215
Committed	6,208	-	6,208
Unassigned	58,258	-	58,258
<i>Fund Cash Balances, December 31</i>	<u>\$ 64,466</u>	<u>\$ 1,125,215</u>	<u>\$ 1,189,681</u>

See accompanying notes to the financial statements.

Deercreek Township, Pickaway County
*Statement of Cash Receipts, Cash Disbursements, and
 Changes in Fund Cash Balance - Fiduciary Fund Type
 For the Year Ended December 31, 2012*

	Fiduciary Fund Type
	Private Purpose Trust
Non-Operating Cash Receipts	
Interest	\$ 15
<i>Total Non-Operating Cash Receipts</i>	15
<i>Net Receipts Over Disbursements</i>	15
<i>Fund Cash Balances, January 1</i>	7,693
Fund Cash Balances, December 31	\$ 7,708

See accompanying notes to the financial statements.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Deercreek Township, Pickaway County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government, road and bridge maintenance and cemetery maintenance. The Township contracts with the Southwest Pickaway Fire District to provide fire services. Police protection is provided by the Pickaway County Sheriff's Department. The Township contracts with the Village of Williamsport for emergency medical ambulance services.

The Township participates in two jointly governed organizations and a public entity risk pool. Notes 7 and 8 to the financial statements provide additional information for these entities.

Joint Ventures:

Southwest Pickaway Fire District - The organization was established by the Village of Williamsport and the Township to provide fire protection services to the residents of the Village and the Township.

Williamsport-Deercreek Recreation Board – This Board was established by the Village of Williamsport and the Township to provide, promote, and develop recreational opportunities for the residents of the Village and the Township.

Public Entity Risk Pool:

Ohio Township Risk Management Authority (OTARMA) - This risk-sharing pool, available to Ohio Townships provides property and casualty insurance for its members.

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. The 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. Cash and Deposits

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the 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:

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Road and Bridge Fund – This fund receives property and other local taxes for construction, maintaining, and repairing Township roads and bridges.

3. Debt Service Fund

This fund accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Debt Service Fund – This fund receives transfers from other funds to pay debt service expenditures.

4. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 is for the benefit of individuals through cemetery bequests which are not available to support the Township's own programs.

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. Appropriations lapse at year end.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (continued)

2. Estimated Resources

Estimated Resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (continued)

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	<u>\$ 1,214,754</u>	<u>\$ 1,197,389</u>
	<u>\$ 1,214,754</u>	<u>\$ 1,197,389</u>

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 96,500	\$ 105,351	\$ 8,851
Special Revenue	137,400	162,617	25,217
Debt Service	22,464	22,464	-
Trust	-	12	12
Total	\$ 256,364	\$ 290,444	\$ 34,080

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,860	\$ 95,865	\$ 27,995
Special Revenue	648,512	154,750	493,762
Debt Service	22,464	22,464	-
Trust	-	-	-
Total	\$ 794,836	\$ 273,079	\$ 521,757

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 150,000	\$ 176,604	\$ 26,604
Special Revenue	165,760	181,591	15,831
Trust	-	15	15
Total	\$ 315,760	\$ 358,210	\$ 42,450

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 157,000	\$ 96,125	\$ 60,875
Special Revenue	1,186,055	93,263	1,092,792
Trust	-	-	-
Total	\$ 1,343,055	\$ 189,388	\$ 1,153,667

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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, 2013 was as follows:

	Principal	Interest Rate
2012 General Operating Expenses	\$48,256	4.0%
Total	\$48,256	

In 2012, the Township issued \$68,000 of general obligation notes to cover current operating expenses.

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

Year ending December 31:	Ambulance
2014	\$22,464
2015	22,464
2016	6,628
Total	\$51,556

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages and the Township contributed an amount equaling 24% of full time fire fighters' wages. For 2013 and 2012, 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, 2013.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

7. RISK MANAGEMENT

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013 and December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$4,500. The rate for 2012 was utilized in calculating the 2013 share. (The most recent information available).

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.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

7. RISK MANAGEMENT (Continued)

Contributions to OTARMA

<u>2013</u>	<u>2012</u>
\$6,005	\$5,955

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

8. JOINTLY GOVERNED ORGANIZATIONS

Southwest Pickaway Fire District – Effective January 1, 2010 the Township became part of Southwest Pickaway Joint Fire District, a jointly governed organization of the Township. The Township appoints 1 member to the Fire District's 3 member board.

The Township is a participant with the Village of Williamsport, Pickaway County Ohio, in the Southwest Pickaway Fire District. The District was created for the purpose of uniting Deercreek Township and the Village of Williamsport to guard against the occurrence of fires and to protect the property and lives of citizens against damage and accidents. The Southwest Pickaway Fire District was established by an agreement between Deercreek Township and the Village of Williamsport.

Deercreek Township and the Village of Williamsport shall unite in joint purchase, maintenance, use and operation of the firefighting equipment necessary. All firefighting equipment, apparatus, appliances and materials acquired by the Southwest Pickaway Fire District shall be purchased and titled in the Southwest Pickaway Fire District. All equipment, apparatus, appliances and materials previously purchased under the Williamsport and Deercreek Volunteer Fire Department shall be transferred to the Southwest Pickaway Fire District. Until the Southwest Pickaway Fire District Board has levied a sufficient tax upon all taxable property in the fire district to provide protection against fire; to provide and maintain fire apparatus and appliances, buildings and sites for apparatus and appliances, sources of water supply, materials for such water supply; and to pay permanent, part-time or volunteer fire fighting companies to operate such equipment, the members of this joint fire district shall provide to the Southwest Pickaway Fire District all funds received from their respective fire levies to be used by the Southwest Pickaway Fire District for the above purposes. All outstanding indebtedness previously incurred by the Williamsport and Deercreek Volunteer Fire Department shall be transferred to the Southwest Pickaway Fire District.

Deercreek Township has also entered into a lease agreement with the Southwest Pickaway Fire District for the premises on which the First District is located. As lessor, the Township is responsible for 40% of the monthly electricity bill on the leased premises. Deercreek Township is also responsible for maintaining the blacktop, furnace, and air conditioning system. The Township is also responsible for replacing fixtures as required and maintaining all exterior portions of the premises.

Williamsport-Deercreek Recreation Board – The Township, in conjunction with the Village of Williamsport, created the Williamsport-Deercreek Recreation Board that is responsible for providing, promoting, and developing recreational opportunities for the residents of the Village of Williamsport and Deercreek Township. The Board Members of the Recreation Board include two members appointed by the Township, two members appointed by the Village and one member appointed by the Board Members. During 2013 and 2012, there is no indication that the township contributed any funds toward the operation of the Recreation Board. The Township does not act as fiscal agent for the Board, thus, the activities of the Board are not reflected in the Township's financial statements.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

9. CONTINGENT LIABILITIES

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

10. INTERFUND ACTIVITY

A transfer was made during 2013 from the General Fund to the Debt Service Fund for the debt retirement obligations of \$22,464.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Deercreek Township
Pickaway County
104 South Main Street
Williamsport, Ohio 43164

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Deercreek Township, Pickaway County, (the Township) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 10, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
March 10, 2014

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY
DECEMBER 31, 2013 AND 2012**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-01	ORC 505.24(C) – Allocation of Trustees salaries	Yes	
2011-02	ORC 5705.39 - Appropriations in excess of estimated resources	Yes	
2011-03	ORC 5705.41(B) - Expenditures in excess of appropriations	Yes	
2011-04	ORC 5705.10 – Negative fund balance	Yes	
2011-05	Material Weakness – Sound financial reporting	Yes	



Dave Yost • Auditor of State

DEERCREEK TOWNSHIP

PICKAWAY 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
JUNE 10, 2014**