

**DEERCREEK TOWNSHIP  
MADISON COUNTY  
Regular Audit  
For the Years Ended December 31, 2013 and 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Deercreek Township  
1081 U.S. Highway 42 S.E.  
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of Deercreek Township, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 10, 2014

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**DEERCREEK TOWNSHIP  
MADISON COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

June 4, 2014

Deercreek Township  
Madison County  
1081 U. S. Highway 42 SE  
London, Ohio 43140

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **Deercreek Township**, Madison 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 fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

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

As described in Note 1B 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 these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B 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, Madison 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 1B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 156,322	\$ -	\$ -	\$ -	\$ 156,322
Charges for Services	-	9,900	-	-	9,900
Licenses, Permits and Fees	-	2,854	-	-	2,854
Intergovernmental	14,526	92,444	-	-	106,970
Earnings on Investments	1,549	240	-	16	1,805
Miscellaneous	1,278	2,100	-	-	3,378
<i>Total Cash Receipts</i>	<u>173,675</u>	<u>107,538</u>	<u>-</u>	<u>16</u>	<u>281,229</u>
<b>Cash Disbursements</b>					
Current:					
General Government	116,000	3,191	-	-	119,191
Public Works	-	73,909	-	-	73,909
Health	-	8,311	-	-	8,311
Capital Outlay	61,308	1,399	-	-	62,707
Debt Service:					
Principal Retirement	-	-	40,000	-	40,000
Interest and Fiscal Charges	-	-	4,988	-	4,988
<i>Total Cash Disbursements</i>	<u>177,308</u>	<u>86,810</u>	<u>44,988</u>	<u>-</u>	<u>309,106</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,633)</u>	<u>20,728</u>	<u>(44,988)</u>	<u>16</u>	<u>(27,877)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	-	44,988	10,000	54,988
Transfers Out	(44,988)	(10,000)	-	-	(54,988)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(44,988)</u>	<u>(10,000)</u>	<u>44,988</u>	<u>10,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,621)</u>	<u>10,728</u>	<u>-</u>	<u>10,016</u>	<u>(27,877)</u>
<i>Fund Cash Balances, January 1</i>	<u>302,788</u>	<u>36,550</u>	<u>-</u>	<u>511</u>	<u>339,849</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	47,278	-	-	47,278
Committed	-	-	-	10,527	10,527
Unassigned	254,167	-	-	-	254,167
<i>Fund Cash Balances, December 31</i>	<u>\$ 254,167</u>	<u>\$ 47,278</u>	<u>\$ -</u>	<u>\$ 10,527</u>	<u>\$ 311,972</u>

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



**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 141,156	\$ -	\$ -	\$ -	\$ 141,156
Charges for Services	-	6,475	-	-	6,475
Licenses, Permits and Fees	-	3,670	-	-	3,670
Intergovernmental	168,831	82,705	-	-	251,536
Earnings on Investments	1,804	234	-	149	2,187
Miscellaneous	14,605	900	-	-	15,505
<i>Total Cash Receipts</i>	<u>326,396</u>	<u>93,984</u>	<u>-</u>	<u>149</u>	<u>420,529</u>
<b>Cash Disbursements</b>					
Current:					
General Government	119,047	4,040	-	-	123,087
Public Works	-	84,103	-	-	84,103
Health	-	11,380	-	-	11,380
Capital Outlay	137,437	12,547	-	60,000	209,984
Debt Service:					
Principal Retirement	-	-	38,400	-	38,400
Interest and Fiscal Charges	-	-	6,524	-	6,524
<i>Total Cash Disbursements</i>	<u>256,484</u>	<u>112,070</u>	<u>44,924</u>	<u>60,000</u>	<u>473,478</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>69,912</u>	<u>(18,086)</u>	<u>(44,924)</u>	<u>(59,851)</u>	<u>(52,949)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	25,522	-	-	-	25,524
Transfers In	-	-	44,924	-	44,924
Transfers Out	(44,924)	-	-	-	(44,924)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(19,402)</u>	<u>-</u>	<u>44,924</u>	<u>-</u>	<u>25,524</u>
<i>Net Change in Fund Cash Balances</i>	50,510	(18,086)	-	(59,851)	(27,427)
<i>Fund Cash Balances, January 1</i>	<u>252,278</u>	<u>54,636</u>	<u>-</u>	<u>60,362</u>	<u>367,276</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	36,550	-	-	36,550
Committed	-	-	-	511	511
Unassigned	302,788	-	-	-	302,788
<i>Fund Cash Balances, December 31</i>	<u>\$ 302,788</u>	<u>\$ 36,550</u>	<u>\$ -</u>	<u>\$ 511</u>	<u>\$ 339,849</u>

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

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 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, Madison County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance.

The Township participates in jointly governed organizations and a public entity risk pool available to Ohio Townships. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

The Township belongs to the Central Township Joint Fire District (the Fire District), a government organization who provides fire coverage for Deercreek, Monroe, Oak Run Paint, and Union Townships.

The Township also belongs to the Madison County Emergency Medical District (the District), a government organization who provides ambulance services within the District to the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township and Union Township

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("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. 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**

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  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Retirement Fund – This fund was established to pay the debt payments on the Township's bonds.

**4. Capital Project Funds**

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

Miscellaneous Capital Project Fund - This fund was established for any future capital projects including the purchases of capital assets.

**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. Appropriations lapse at year end.

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**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 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 classified 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 funds 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* amount represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Fund Balance (Conitnued)**

**5. Unassigned**

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

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2013	2012
Demand Deposits	\$ 311,972	\$ 339,849
Total Deposits	\$ 311,972	\$ 339,849

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

**3. BUDGETARY ACTIVITY**

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

	2013 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 140,000	\$ 173,675	\$ 33,675
Special Revenue	94,675	107,538	12,863
Debt Service	44,988	44,988	-
Capital Projects	10,000	10,016	16
Total	\$ 289,663	\$ 336,217	\$ 46,554

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 237,124	\$ 222,296	\$ 14,828
Special Revenue	112,194	96,810	15,384
Debt Service	44,988	44,988	-
Total	\$ 394,306	\$ 364,094	\$ 30,212

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,607	\$ 351,918	\$ 207,311
Special Revenue	102,195	93,984	(8,211)
Debt Service	44,924	44,924	-
Capital Projects	175	149	(26)
Total	\$ 291,901	\$ 490,975	\$ 199,074

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 344,260	\$ 301,408	\$ 42,852
Special Revenue	131,135	112,070	19,065
Debt Service	44,924	44,924	-
Capital Projects	60,400	60,000	400
Total	\$ 580,719	\$ 518,402	\$ 62,317

**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.

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
Building Construction Bonds, Series 2011	84,700	4.0%
Total	\$ 84,700	

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**5. DEBT (Continued)**

In February 2011, the Township authorized the issuance of bonds for the purpose of constructing a building in the amount of \$200,000. Annual principal and interest payments are due December 1 to repay these bonds over a period of 5 years. These bonds are secured by the full faith and credit of the Township.

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

Year Ending December 31:	Building Construction Bonds
2014	\$ 44,888
2015	44,928
Total	<u>\$ 89,816</u>

**6. RETIREMENT SYSTEMS**

The Township’s elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**Risk Pool Membership**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**7. RISK MANAGEMENT (CONTINUED)**

**Risk Pool Membership (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements 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	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. JOINTLY GOVERNED ORGANIZATIONS**

The Central Township Joint Fire District (the Fire District) was incorporated in May 2007 and is a taxing authority legally separate from any other entity. The Fire District is governed by five townships: Deercreek, Monroe, Oak Run Paint, and Union. The Fire District is directed by a five-member Board of Trustees consisting of one appointed Trustee from each participating township. The Fire District receives its revenue from a levy that passed in November 2007. Deercreek made no contributions to the Fire District in 2013 or 2012. Financial information can be obtained by contacting the Central Townships Joint Fire District, Todd Lane, 308 E. High St., London, Ohio 43140.

The Madison Emergency Medical District (the District) provides ambulance services within the District and by contract to areas outside the District. The District is directed by an appointed seven-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township and Union Township. Deercreek made no contributions to the District in 2013 or 2012. Financial information can be obtained by contacting the Madison County Emergency Medical District, Rebecca Arnott, Fiscal Clerk, 40 East Center Street, London, Ohio 43140.



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

June 4, 2014

Deercreek Township  
Madison County  
1081 U. S. Highway 42 SE  
London, Ohio 43140

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Deercreek Township**, Madison County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 4, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of audit findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2013-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 4, 2014.

### **Entity's Response to Findings**

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

### **Purpose of this Report**

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



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness/Noncompliance**

**Ohio Rev. Code Section 117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Township filed the Annual Financial Report for 2012 with the Auditor of State's office in a timely manner; however, a certain amount listed on the Annual Financial Report was not correctly classified based on amounts from the Township's accounting system. An intergovernmental receipt for estate tax was classified correctly in the Township's accounting system but was misclassified as property and other local taxes on the Annual Financial Report.

We recommend the Annual Financial Report be compiled from the Township's accounting system and reconciled upon completion.

**Management's Response** – We agree with the recommendation.

**DEERCREEK TOWNSHIP  
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Budgetary Information within the Accounting System	Yes	
2011-002	Noncompliance – Ohio Revised Code Section 5705.39	Yes	
2011-003	Noncompliance – Ohio Revised Code Section 5705.41(D)(3)	Yes	



# Dave Yost • Auditor of State

**DEERCREEK TOWNSHIP**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 22, 2014**