



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

DEERCREEK TOWNSHIP
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018
Fiscal Years Audited Under GAGAS: 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Deercreek Township
9980 US 22
Williamsport, Ohio 43164

We have reviewed the *Independent Auditor's Report* of Deercreek Township, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 7, 2020

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Deercreek Township
Pickaway County
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INDEPENDENT AUDITOR'S REPORT

Deercreek Township
Pickaway County
9980 US 22
Williamsport, Ohio 43164

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Deercreek Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

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 such 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 opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Deercreek Township, Pickaway County as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020, 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.



BHM CPA Group, Inc.
Piketon, Ohio
June 12, 2020

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Taxes	\$ 84,930	\$ 121,270	\$ -	\$ 206,200
Licenses, Permits & Fees	700	13,550	-	14,250
Intergovernmental	30,615	122,215	-	152,830
Earnings on Investments	5,497	6,565	-	12,062
Miscellaneous	13,964	14,300	-	28,264
	<u>135,706</u>	<u>277,900</u>	<u>-</u>	<u>413,606</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	103,844	5,568	-	109,412
Public Works	-	200,818	-	200,818
Health	-	51,967	-	51,967
Capital Outlay	4,347	-	-	4,347
Debt Service:				
Redemption of Principal	-	-	7,180	7,180
Interest and Fiscal Charges	-	-	2,393	2,393
	<u>108,191</u>	<u>258,353</u>	<u>9,573</u>	<u>376,117</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	27,515	19,547	(9,573)	37,489
Other Financing Receipts (Disbursements):				
Transfers-In	-	-	9,573	9,573
Transfers-Out	(9,573)	-	-	(9,573)
	<u>(9,573)</u>	<u>-</u>	<u>9,573</u>	<u>-</u>
Total Other Financing Receipts(Disbursements)				
Net Change in Fund Cash Balances	17,942	19,547	-	37,489
Fund Cash Balances, January 1	<u>160,512</u>	<u>1,120,632</u>	<u>-</u>	<u>1,281,144</u>
Fund Cash Balances, December 31				
Restricted	-	1,140,179	-	1,140,179
Unassigned (Deficit)	178,454	-	-	178,454
	<u>178,454</u>	<u>1,140,179</u>	<u>-</u>	<u>1,318,633</u>
Fund Cash Balances, December 31	<u>\$ 178,454</u>	<u>\$ 1,140,179</u>	<u>\$ -</u>	<u>\$ 1,318,633</u>

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Fiduciary Fund Types</u>
	<u>Private Purpose Trust</u>
Non-Operating Receipts (Disbursements)	
Interest	\$ 71
Total Non-Operating Receipts (Disbursements)	71
Net Change in Fund Cash Balances	71
Fund Cash Balances, January 1	7,815
Fund Cash Balances, December 31	<u>\$ 7,886</u>

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

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with WADES EMS for Emergency Services and is a member of the Southwest Pickaway Fire District.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in jointly governed organizations and is associated with The Village of Williamsport as owners of the Square/Park up until July 1, 2019 when the deed was transferred to the Village of Williamsport. The Township is a member of the Southwest Pickaway Fire District. The Township's management believes these financial statements present all activities for which the Township is financially accountable. The Township also belongs to the Ohio Township Association Risk Management Authority. See notes 6 and 11 for additional information on these entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Funds:

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

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.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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.

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.

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

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
For the Year Ended December 31, 2019

Capital Assets

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

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:

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

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.

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.

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.

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.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,800	\$135,706	(\$9,094)
Special Revenue	225,900	277,900	52,000
Debt Service	9,573	9,573	0
Trust	50	71	21
Total	\$380,323	\$423,250	\$42,927

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,000	\$117,764	\$63,236
Special Revenue	487,474	258,353	229,121
Debt Service	9,573	9,573	0
Trust	7,865	0	7,865
Total	\$685,912	\$385,690	\$300,222

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$1,326,519
Total deposits	\$1,326,519

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 6 – Risk Management

Risk Pool Membership

The (Township) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (Township's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Elected Officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$72,820	3.5%
Total	\$72,820	

In December 2018 the Township entered into a loan agreement to purchase a new Township building. The loan was in the amount of \$80,000 with an interest rate of 3.5%. The Township will pay this loan in 10 payments of \$9,573 with the first payment due October 15, 2019 and all subsequent payments are due on the same day each year after. The final payment will be due on October 15, 2028.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	General Obligation Notes
2020	\$9,573
2021	9,573
2022	9,573
2023	9,573
2024	9,573
2025-2028	38,293
Total	<u>\$86,158</u>

Note 10 – 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.

Note 11 – 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 and Wayne Township, Pickaway County Ohio, in the Southwest Pickaway Fire District. The District was created for the purpose of uniting Deercreek Township, Wayne 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
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deercreek Township, Wayne 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. 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. On July 1, 2019 the deed for the square/park was transferred to the Village of Williamsport.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 85,559	\$ 98,909	\$ 184,468
Charges for Services	-	212	212
Licenses, Permits & Fees	3,200	11,200	14,400
Intergovernmental	28,258	103,528	131,786
Earnings on Investments	3,282	3,923	7,205
Miscellaneous	15,549	2,743	18,292
	<u>135,848</u>	<u>220,515</u>	<u>356,363</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	116,568	26,181	142,749
Public Safety	3,250	-	3,250
Public Works	-	49,978	49,978
Health	-	52,812	52,812
Capital Outlay	80,347	1,000	81,347
	<u>200,165</u>	<u>129,971</u>	<u>330,136</u>
Total Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements	(64,317)	90,544	26,227
Other Financing Receipts (Disbursements):			
Other Debt Proceeds	80,000	-	80,000
	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total Other Financing Receipts(Disbursements)			
Net Change in Fund Cash Balances	15,683	90,544	106,227
Fund Cash Balances, January 1	144,829	1,030,088	1,174,917
	<u>144,829</u>	<u>1,030,088</u>	<u>1,174,917</u>
Fund Cash Balances, December 31			
Restricted	-	1,120,632	1,120,632
Unassigned (Deficit)	160,512	-	160,512
	<u>160,512</u>	<u>-</u>	<u>160,512</u>
Fund Cash Balances, December 31	<u>\$ 160,512</u>	<u>\$ 1,120,632</u>	<u>\$ 1,281,144</u>

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Fiduciary Fund Types
	Private Purpose Trust
Non-Operating Receipts (Disbursements)	
Interest	\$ 44
Total Non-Operating Receipts (Disbursements)	44
Net Change in Fund Cash Balances	44
Fund Cash Balances, January 1	7,771
Fund Cash Balances, December 31	\$ 7,815

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

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with WADES EMS for Emergency Services and is a member of the Southwest Pickaway Fire District.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in jointly governed organizations and is associated with The Village of Williamsport as owners of the Square/Park. The Township is a member of the Southwest Pickaway Fire District. The Township's management believes these financial statements present all activities for which the Township is financially accountable. The Township also belongs to the Ohio Township Association Risk Management Authority. See notes 6 and 11 for additional information on these entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

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.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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.

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.

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 2018 budgetary activity appears in Note 3.

Deposits and Investments

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.

Capital Assets

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

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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:

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

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.

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.

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.

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.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$237,800	\$215,848	(\$21,952)
Special Revenue	227,675	220,515	(7,160)
Trust	40	44	4
Total	\$465,515	\$436,407	(\$29,108)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,800	\$200,165	\$37,635
Special Revenue	330,133	129,971	200,162
Trust	7,811	0	7,811
Total	\$575,744	\$330,136	\$245,608

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$1,288,959
Total deposits	\$1,288,959

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 6 – Risk Management

Risk Pool Membership

The (Township) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (Township's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Elected Officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$80,000	3.5%
Total	\$80,000	

In December 2018 the Township entered into a loan agreement to purchase a new Township building. The loan was in the amount of \$80,000 with an interest rate of 3.5%. The Township will pay this loan in 10 payments of \$9,573 with the first payment due October 15, 2019 and all subsequent payments are due on the same day each year after. The final payment will be due on October 15, 2028.

Deercreek Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Amortization

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

Year Ending December 31:	General Obligation Notes
2019	\$9,573
2020	9,573
2021	9,573
2022	9,573
2023	9,573
2024-2028	47,865
Total	\$95,730

Note 10 – 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.

Note 11 – 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
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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. 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.

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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**

Deercreek Township
Pickaway County
9980 US 22
Williamsport, Ohio 43164

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 the cash balances, receipts, and disbursements by fund type of the Deercreek Township, Pickaway County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 12, 2020 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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 opinions 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.

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 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.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



BHM CPA Group, Inc.
Piketon, Ohio
June 12, 2020

DEERCREEK TOWNSHIP
PICKAWAY COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDING NUMBER 2019-001

Material Weakness - *Financial Reporting*

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Miscellaneous Revenues;
- Debt Proceeds;
- Fiduciary funds were incorrectly recorded as governmental permanent funds

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Handbook for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials Response: Going forward the Township will report Debt Proceeds on the Financial Statements.

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OHIO AUDITOR OF STATE KEITH FABER



DEERCREEK TOWNSHIP

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov