
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

SHORT CREEK JOINT FIRE DISTRICT

JEFFERSON COUNTY

A&A
REGULAR AUDIT

For the Year Ended

December 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Short Creek Joint Fire District
P. O. Box 33
Adena, Ohio 43901

We have reviewed the *Independent Auditor's Report* of Short Creek Joint Fire District, Jefferson County, prepared by Alger & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. Short Creek Joint Fire District 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

June 07, 2022

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**SHORT CREEK JOINT FIRE DISTRICT
JEFFERSON COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Short Creek Joint Fire District
Jefferson County
PO Box 33
Adena, Ohio. 43901

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Short Creek Joint Fire District, Jefferson County, Ohio (the Fire District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Fire District, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fire District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

6927 Burgundy Ave. NW
North Canton, OH 44720
Phone - 330-353-5851
FAX - 330-768-7574

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Fire District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Fire District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of the Fire District'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's 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 Fire District's internal control over financial reporting and compliance.

Karen S
Alger, CPA

Digitally signed by Karen S Alger,
CPA
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

February 16, 2022

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SHORT CREEK JOINT FIRE DISTRICT

Jefferson County

*Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2021*

| | Governmental Fund Types | | Total (Memorandum Only) |
|---|-------------------------|--------------------|-------------------------------|
| | General | Special Revenue | |
| Cash Receipts | | | |
| Property and Other Local Taxes | \$177,552 | \$329,739 | \$507,291 |
| Charges for Services | 4,000 | - | 4,000 |
| Licenses, Permits and Fees | - | 113,587 | 113,587 |
| Intergovernmental | 14,316 | 22,309 | 36,625 |
| Miscellaneous | 3,063 | 4,434 | 7,497 |
| <i>Total Cash Receipts</i> | <i>198,931</i> | <i>470,069</i> | <i>669,000</i> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 74,439 | - | 74,439 |
| Public Safety | 67,480 | 404,751 | 472,231 |
| Debt Service: | | | |
| Redemption of Principal | 6,576 | 4,384 | 10,960 |
| Interest and Other Fiscal Charges | 801 | 534 | 1,335 |
| <i>Total Cash Disbursements</i> | <i>149,296</i> | <i>409,669</i> | <i>558,965</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>49,635</i> | <i>60,400</i> | <i>110,035</i> |
| <i>Fund Cash Balances , January 1</i> | <i>46,644</i> | <i>46,561</i> | <i>93,205</i> |
| <i>Fund Cash Balances , December 31</i> | <i>\$96,279</i> | <i>\$106,961</i> | <i>\$203,240</i> |

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

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Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Short Creek Joint Fire District, Jefferson County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Adena Village and Smithfield Township. The third member is a Resident Representative from Smithfield Township. Those in the township wishing to become a Resident Representative apply, then they are voted and appointed on by the current Board of Trustees. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District’s management believes these financial statements present all activities for which the District is financially accountable

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District 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 District 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 District 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 District had the following significant Special Revenue Funds.

Emergency Medical Services (EMS) The EMS fund receives charges for services use to account for revenues derived from ambulance and emergency medical service fees.

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 (C). 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 (C) permit.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies *(continued)*

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The District'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 District 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 District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies *(continued)*

Fund Balance *(continued)*

Committed Trustees can commit amounts via formal action (resolution). The District 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 District 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$185,176 | \$198,931 | \$13,755 |
| Special Revenue | 431,055 | 470,069 | 39,014 |
| Total | \$616,231 | \$669,000 | \$52,769 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$178,912 | \$156,246 | \$22,666 |
| Special Revenue | 450,764 | 411,334 | 39,430 |
| Total | \$629,676 | \$567,580 | \$62,096 |

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits

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

| | |
|-----------------|------------------|
| | <u>2021</u> |
| Demand deposits | <u>\$203,240</u> |

The Fire District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Fire District has remitted all employee payroll withholdings

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 – Taxes

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 District.

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Social Security

The District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2021.

Note 8 – Debt

Debt outstanding at December 31, 2021, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------------------------------|------------------|----------------------|
| Consumer National Bank - Loan #7825 | \$28,087 | 3.99% |

The District acquired a loan from Consumer National Bank formally, Peoples National Bank of Mt. Pleasant on August 2, 2019 for an amount of \$50,327 for the purchase of equipment with an interest rate of 3.99%. The loan will be repaid in monthly installments of \$926.73 which includes principal and interest. The loan will be repaid by August 24, 2024.

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

| Year Ending December 31: | Bank Loan #2 |
|-----------------------------|--------------|
| 2022 | \$11,121 |
| 2023 | 11,121 |
| 2024 | 7,414 |
| Total | \$29,656 |

Note 9 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue |
|--------------------------|---------|--------------------|
| Outstanding Encumbrances | 6,950 | 1,665 |
| Total | \$6,950 | \$1,665 |

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Fund Balances *(continued)*

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Short Creek Joint Fire District
Jefferson County
PO Box 33
Adena, Ohio. 43901

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Short Creek Joint Fire District, Jefferson County, Ohio (the Fire District), and have issued our report thereon dated February 16, 2022, wherein we noted as described in Note 2 to the financial statements, the Fire District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, we noted as described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Fire District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fire District's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S
Alger, CPA** Digitally signed by Karen S Alger,
CPA
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o=Alger & Associates, Inc, ou,
email=ksalger46@att.net, c=US
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

February 16, 2022

ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

SHORT CREEK JOINT FIRE DISTRICT

JEFFERSON COUNTY

A&A
REGULAR AUDIT

For the Year Ended

December 31, 2020

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North Canton, OH 44720
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**SHORT CREEK JOINT FIRE DISTRICT
JEFFERSON COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Short Creek Joint Fire District
Jefferson County
PO Box 33
Adena, Ohio. 43901

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020, and related notes of the Short Creek Joint Fire District, Jefferson County, Ohio (the Fire District).

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(C) 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 Fire District'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 Fire District'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 Fire District 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(C), 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 Fire District 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(C) 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 Fire District as of December 31, 2020, and the respective changes in financial position thereof for the year 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 for each governmental fund type, as of and for the year ended December 31, 2020 and related notes of the Short Creek Joint Fire District, Jefferson County 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 10 to the financial statements, the Fire District made changes to its reporting model. We did not modify our opinion regarding this matter.

In addition, as discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Fire District. 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 February 16, 2022, on our consideration of the Fire District'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 Fire District's internal control over financial reporting and compliance.

Karen S
Alger, CPA

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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

February 16, 2022

SHORT CREEK JOINT FIRE DISTRICT

Jefferson County

*Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2020*

| | Governmental Fund Types | | Total (Memorandum Only) |
|---|-------------------------|------------------------|-------------------------------|
| | General | Special Revenue | |
| Cash Receipts | | | |
| Property and Other Local Taxes | \$243,946 | \$239,156 | \$483,102 |
| Charges for Services | 4,000 | - | 4,000 |
| Licenses, Permits and Fees | - | 99,486 | 99,486 |
| Intergovernmental | 3,888 | 16,771 | 20,659 |
| Miscellaneous | 6,436 | 136 | 6,572 |
| <i>Total Cash Receipts</i> | <u>258,270</u> | <u>355,549</u> | <u>613,819</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 97,975 | - | 97,975 |
| Public Safety | 130,490 | 354,492 | 484,982 |
| Debt Service: | | | |
| Redemption of Principal | 43,266 | 40,000 | 83,266 |
| Interest and Other Fiscal Charges | 2,880 | - | 2,880 |
| <i>Total Cash Disbursements</i> | <u>274,611</u> | <u>394,492</u> | <u>669,103</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(16,341)</u> | <u>(38,943)</u> | <u>(55,284)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Loan Issued | 20,250 | 40,000 | 60,250 |
| Sale of Capital Assets | - | 5,000 | 5,000 |
| Transfers In | - | 25,000 | 25,000 |
| Transfers Out | (25,000) | - | (25,000) |
| Other Financing Sources | 22,296 | - | 22,296 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>17,546</u> | <u>70,000</u> | <u>87,546</u> |
| <i>Net Change in Fund Cash Balances</i> | 1,205 | 31,057 | 32,262 |
| <i>Fund Cash Balances , January 1</i> | <u>45,439</u> | <u>15,504</u> | <u>60,943</u> |
| <i>Fund Cash Balances , December 31</i> | <u><u>\$46,644</u></u> | <u><u>\$46,561</u></u> | <u><u>\$93,205</u></u> |

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

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Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Short Creek Joint Fire District, Jefferson County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Adena Village and Smithfield Township. the third member is a Resident Representative from Smithfield Township. Those in the township wishing to become a Resident Representative apply, then they are voted and appointed on by the current Board of Trustees. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District’s management believes these financial statements present all activities for which the District is financially accountable

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District 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 District 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 District 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 District had the following significant Special Revenue Funds.

Emergency Medical Services (EMS) The EMS fund receives charges for services use to account for revenues derived from ambulance and emergency medical service fees.

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.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies *(continued)*

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The District'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 District 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 District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies *(continued)*

Fund Balance *(continued)*

Committed Trustees can commit amounts via formal action (resolution). The District 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 District 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$291,117 | \$300,816 | \$9,699 |
| Special Revenue | 401,171 | 425,549 | 24,378 |
| Total | \$692,288 | \$726,365 | \$34,077 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$315,367 | \$300,984 | \$14,383 |
| Special Revenue | 411,610 | 397,521 | 14,089 |
| Total | \$726,977 | \$698,505 | \$28,472 |

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits

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

| | |
|-----------------|------------------|
| | <u>2020</u> |
| Demand deposits | <u>\$ 93,205</u> |

The Fire District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Fire District has remitted all employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 – Taxes

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 District.

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Social Security

The District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2020.

Note 8 – Debt

Debt outstanding at December 31, 2020, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|------------------|----------------------|
| Consumer National Bank - Line of Credit Loan | \$1,171 | 5.50% |
| Consumer National Bank - Loan #7825 | 37,876 | 3.99% |
| Total | \$39,047 | |

The line of credit loan was acquired from Consumer National Bank formally, Peoples National Bank of Mt. Pleasant on January 6, 2017 for the amount of \$50,500. The maturity date is January 6, 2021. The interest rate is 5.5%. The purpose of the loan was start-up funds for the Short Creek Joint Fire District.

The District acquired a loan from Consumer National Bank formally, Peoples National Bank of Mt. Pleasant on August 2, 2019 for an amount of \$50,327 for the purchase of equipment with an interest rate of 3.99%. The loan will be repaid in monthly installments of \$926.73 which includes principal and interest. The loan will be repaid by August 24, 2024.

The District acquired a short-term (90) ninety day note from Consumer National Bank formally on February 26, 2020 for an amount of \$60,250 to pay encumbrances and to make payroll prior to the District’s Property Tax Levy Settlement. Once the Tax Settlement monies were received the note was paid in full along with fees and interest rate. The loan was fully paid off on April 3, 2020.

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

| Year Ending | <u>Bank Loan #1</u> | <u>Bank Loan #2</u> |
|--------------|---------------------|---------------------|
| December 31: | | |
| 2021 | \$1,174 | \$11,121 |
| 2022 | | 11,121 |
| 2023 | | 11,121 |
| 2024 | | 7,414 |
| Total | \$1,174 | \$40,777 |

Short Creek Joint Fire District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue |
|--------------------------|---------|--------------------|
| Outstanding Encumbrances | 1,373 | 3,029 |
| Total | \$1,373 | \$3,029 |

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Short Creek Joint Fire District
Jefferson County
PO Box33
Adena, Ohio. 43901

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 for each governmental type as of and for the year ended December 31, 2020 and the related notes to the financial statements of the Short Creek Joint Fire District, Jefferson County, Ohio (the Fire District) and have issued our report thereon date February 16, 2022, wherein we noted as described in Note 2 to the financial statements, the Fire District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, as described in Note 10 to the financial statements, the Fire District made changes to its reporting model. Furthermore, we noted as described in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Fire District.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fire District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S
Alger, CPA**
Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc, ou,
email=ksalger4@att.net, c=US
Date: 2022.05.24 10:15:22 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

February 16, 2022

Short Creek Joint Fire District
Jefferson County
Schedule of Prior Audit Findings
December 31, 2020

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|---|
| 2019-001 | Noncompliance/Material Weakness: ORC §5705.41 (B) expenditures exceed appropriations. | Yes | No Longer Valid |
| 2019-002 | Noncompliance/Material Weakness: ORC §5705.38 (A) filing of annual appropriation measure. | Yes | No Longer Valid |
| 2019-003 | Material Weakness: Accurate posting of transactions. | Yes | No Longer Valid |
| 2019-004 | Significant Deficiency: Cash reconciliation process errors | Yes | No Longer Valid |

OHIO AUDITOR OF STATE KEITH FABER



SHORT CREEK JOINT FIRE DISTRICT

JEFFERSON 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 6/21/2022

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