

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**







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

Board of Trustees  
Short Creek Township  
300 Hagan Street  
Adena, Ohio 43901

We have reviewed the *Independent Auditor's Report* of Short Creek Township, Harrison County, prepared by Charles E. Harris & 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 Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 10, 2022**

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SHORT CREEK TOWNSHIP  
HARRISON COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Short Creek Township  
Harrison County  
300 Hagan Street  
Adena, OH 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 Township, Harrison County, Ohio (the Township), 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 Township, 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 Township, 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.

***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 Township 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 the notes to the financial statements Note 13, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions 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 Township'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 Township'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 Township'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 May 25, 2022, 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. 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 Township'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 Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
May 25, 2022

**Short Creek Township**  
*Harrison County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 23,139	\$ 190,829	\$ -	\$ 213,968
Intergovernmental	22,915	196,212	-	219,127
Earnings on Investments	56	21	1	78
Miscellaneous	18,814	8,150	-	26,964
<b>Total Cash Receipts</b>	<b>64,924</b>	<b>395,212</b>	<b>1</b>	<b>460,137</b>
<b>Cash Disbursements</b>				
Current:				
General Government	67,370	5,066	-	72,436
Public Safety	862	67,486	-	68,348
Public Works	6,048	163,023	-	169,071
Health	-	21,724	-	21,724
Debt Service:				
Principal Retirement	-	5,376	-	5,376
Interest and Fiscal Charges	-	2,326	-	2,326
<b>Total Cash Disbursements</b>	<b>74,280</b>	<b>265,001</b>	<b>-</b>	<b>339,281</b>
Excess of Cash Receipts Over (Under) Cash Disbursements	(9,356)	130,211	1	120,856
<b>Fund Cash Balances, January 1</b>	<b>54,441</b>	<b>247,148</b>	<b>1,776</b>	<b>303,365</b>
Fund Cash Balances, December 31	\$ 45,085	\$ 377,359	\$ 1,777	\$ 424,221

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

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Short Creek Township, Harrison 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 the Cadiz, Harrisville, New Athens and Short Creek Joint Fire District Fire Departments to provide fire services and Emergency Medical Services, Inc. to provide ambulance services.

***Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**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, which is 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 tax monies for constructing, maintaining and repairing Township roads and bridges.

***Fire Levy Fund*** This fund receives property tax monies to provide fire protection to Township residents.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Fund Accounting (Continued)***

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***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.

***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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2021 budgetary activity appears in Note 3.

***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.

***Accumulated Leave***

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

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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*. 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 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Budgetary Activity**

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 59,093	\$ 64,924	\$ 5,831
Special Revenue	330,457	395,212	64,755
Permanent	-	1	1

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity (Continued)**

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 117,133	\$ 74,386	\$ 42,747
Special Revenue	519,693	266,310	253,383
Permanent	-	-	-

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township's deposit accounts are as follows:

	2021
<b>Cash Management Pool:</b>	
Demand Deposits	\$ 424,221

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

**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.

**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.

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**

**Public Entities Risk Pool:** 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:

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Risk Management (Continued)**

- 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>2020 (The Latest Information Available)</u>	
Cash and Investments	\$ 36,348,066
Actuarial Liabilities	\$ 10,894,146

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All Township employees 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, 2021.

**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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Debt**

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

	<u>Principal Balance</u>	<u>Interest Rate</u>
John Deere Tractor Loan	\$ 49,363	3.99%

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	General Obligation Notes
2022	\$ 7,653
2023	7,653
2024	7,653
2025	7,653
2026	7,653
2027 - 2029	19,132
Total	<u>\$ 57,397</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 – Related Organizations**

The Township has an agreement with the Georgetown Community Building Association regarding the Georgetown Community Hall. While the Township is responsible for appointing and removing Association Board Members, the Township is not financially responsible.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including 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	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 1,776	\$ 1,776
Outstanding Encumbrances	106	1,309	-	1,415
Total	<u>\$ 106</u>	<u>\$ 1,309</u>	<u>\$ 1,776</u>	<u>\$ 3,191</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted and committed amounts in the special revenue and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – 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 Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Township did not receive any Cares Act funding.

**Note 14 – Budgetary noncompliance**

Contrary to Ohio Revised Code Section 5705.41(D), the Township had purchases made prior to the completion of purchase orders. Contrary to Ohio Revised Code Section 5705.38(A), the Township did not pass their permanent appropriations by the required deadline.

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

Short Creek Township  
Harrison County  
300 Hagan Street  
Adena, OH 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 of Short Creek Township, Harrison County, (the Township) as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

*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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-002 to be a material weakness.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2021-001 to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

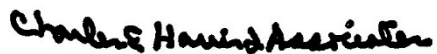
We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 25, 2022.

***Township's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
May 25, 2022

**INDEPENDENT AUDITOR'S REPORT**

Short Creek Township  
Harrison County  
300 Hagan Street  
Adena, OH 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 Short Creek Township, Harrison County, Ohio (the Township).

***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 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(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 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(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 Township 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 Short Creek Township, Harrison County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

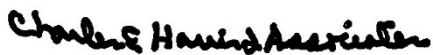
***Emphasis of Matters***

As discussed in Note 13 to the 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 opinions regarding this matter.

As discussed in Note 14 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, 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.



***Charles E. Harris & Associates, Inc.***  
May 25, 2022

**Short Creek Township**  
*Harrison County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 22,965	\$ 195,050	\$ -	\$ 218,015
Intergovernmental	26,055	165,980	-	192,035
Earnings on Investments	54	13	-	67
Miscellaneous	9,548	2,158	-	11,706
<b>Total Cash Receipts</b>	<b>58,622</b>	<b>363,201</b>	<b>-</b>	<b>421,823</b>
<b>Cash Disbursements</b>				
Current:				
General Government	46,370	6,866	-	53,236
Public Safety	-	107,915	-	107,915
Public Works	4,750	159,778	-	164,528
Health	-	11,403	-	11,403
Debt Service:				
Principal Retirement	-	5,273	-	5,273
Interest and Fiscal Charges	-	2,381	-	2,381
<b>Total Cash Disbursements</b>	<b>51,120</b>	<b>293,616</b>	<b>-</b>	<b>344,736</b>
Excess of Cash Receipts Over Cash Disbursements	7,502	69,585	-	77,087
<b>Fund Cash Balances, January 1</b>	<b>46,939</b>	<b>177,563</b>	<b>1,776</b>	<b>226,278</b>
Fund Cash Balances, December 31	\$ 54,441	\$ 247,148	\$ 1,776	\$ 303,365

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

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Short Creek Township, Harrison 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 the Cadiz, Harrisville, New Athens and Short Creek Joint Fire District Fire Departments to provide fire services and Emergency Medical Services, Inc. to provide ambulance services.

***Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**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, which is 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 tax monies for constructing, maintaining and repairing Township roads and bridges.

***Fire Levy Fund*** This fund receives property tax monies to provide fire protection to Township residents.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

**Short Creek Township**  
Harrison County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

***Fund Accounting (Continued)***

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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. 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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 3.

***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.

***Accumulated Leave***

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



**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**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*. 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 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Budgetary Activity**

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

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,500	\$ 58,622	\$ 22,122
Special Revenue	289,977	363,201	73,224
Permanent Fund	-	-	-

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity (Continued)**

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 83,439	\$ 51,153	\$ 32,286
Special Revenue	394,509	293,616	100,893
Permanent	-	-	-

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township's deposit accounts are as follows:

	2020
<b>Cash Management Pool:</b>	
Demand Deposits	\$ 303,365

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

**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.

**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.

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**

**Public Entities Risk Pool:** 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:

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Risk Management (Continued)**

- 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:

	2020
Cash and Investments	\$ 36,348,066
Actuarial Liabilities	\$ 10,894,146

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All Township employees 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, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

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

	Principal Balance	Interest Rate
John Deere Tractor Loan	\$ 54,739	3.99%

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	General Obligation Notes
2021	\$ 7,653
2022	7,653
2023	7,653
2024	7,653
2025	7,653
2026 - 2029	<u>26,785</u>
Total	<u>\$65,050</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 – Related Organizations**

The Township has an agreement with the Georgetown Community Building Association regarding the Georgetown Community Hall. While the Township is responsible for appointing and removing Association Board Members, the Township is not financially responsible.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including 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:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus	\$ -	\$ 1,776	\$ 1,776
Outstanding Encumbrances	<u>33</u>	<u>-</u>	<u>33</u>
Total	<u>\$ 33</u>	<u>\$ 1,776</u>	<u>\$ 1,809</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted and committed amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township did not receive any CARES Act funding.

**Note 14 – Change in Accounting Principles**

For 2020, the Township has made changes to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

There was no effect on beginning cash balance as a result of this change.

**Note 15 – Budgetary noncompliance**

Contrary to Ohio Revised Code Section 5705.41(D), the Township had purchases made prior to the completion of purchase orders. Also, contrary to Ohio Revised Code Section 5703.39, the Township had several funds' appropriations exceeding estimated resources. Contrary to Ohio Revised Code Section 5705.38(A), the Township did not pass their permanent appropriations by the required deadline.

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

Short Creek Township  
Harrison County  
300 Hagan Street  
Adena, OH 43901

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental fund type of Short Creek Township, Harrison County, Ohio (the Township), as of and for the year ended December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated May 25, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township and several changes to its reporting model.

**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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2021-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2021-001 described in the accompanying schedule of findings to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2021-001.

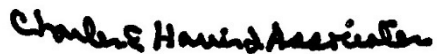
We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 25, 2022.

### **Township's Responses to Findings**

The Township's responses to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



**Charles E. Harris & Associates, Inc.**  
May 25, 2022

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2021-001**

**Noncompliance and Significant Deficiency**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violation of Ohio Revised Code Section 5705.39 stating that total appropriations from each fund shall not exceed the total estimated resources in the General Fund, Gasoline Tax Fund and Fire Fund for 2020.
- Violation of Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer and approved by the trustees is attached thereto. The Township did not properly certify the availability of funds prior to purchase commitment for 68% and 22% of the expenditures tested for 2021 and 2020, respectively.
- Violation of Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. The Township did not pass permanent appropriation resolutions by the first day of April 1<sup>st</sup> in each year, as required.
- The Township did not have control procedures in place to ensure that appropriations, as authorized by the County Auditor, were reconciled to the appropriations posted to the accounting system for 2021.
- The Township did not have control procedures in place to ensure that Estimated Resources, as authorized by the County Auditor, were reconciled to the Estimated Resources posted to the accounting system for both 2021 and 2020.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. The budgetary footnote reflects all adjustments. We recommend the Township implement procedures to ensure appropriations and estimated resources are accurately posted to the accounting system and reconciled to the amounts approved by the County Auditor after each amendment.

The Board of Trustees should review the requirements of ORC Section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary activity as approved by the County Budget Commission reconciles to the amounts posted to the Township's accounting system. This could include a checklist of forms and due dates. Steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

**Management's Response** – See Corrective Action Plan.



**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING 2021-002 – Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements and notes to the financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system. During 2021 and 2020, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- All Homestead and rollback was posted 100% to the General Fund instead of the Road and Bridge, Cemetery, and Fire Special Revenue Funds in 2021 and 2020;
- Miscellaneous revenue was posted to Other Financing Sources in the General Fund in 2021 and 2020; and
- Principal and interest payments was posted to Public Works in 2020.
- Other Financing Sources was reclassified to Miscellaneous revenue in 2020.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassification entries. The financial statements and Townships records reflect all reclassifications and adjustments.

Also, during 2021 and 2020, aspects of the notes to the financial statements were corrected from the Hinkle filing to include all necessary note disclosures and accurate information. We made corrections to the:

- Summary of Significant Accounting Policies
- Budgetary Activity
- Deposit and Investments
- Risk Management
- Debt
- Change in Accounting Principles

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Township use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

**Management's Response** – See Corrective Action Plan.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2021-001	Fiscal Officer will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Jessica Brown – Fiscal Officer
2021-002	The Fiscal Officer will work with Board of Trustees to monitor budgetary activity and follow Ohio Revised Code related ORC Section 5705.	Immediately	Jessica Brown – Fiscal Officer

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –  
PREPARED BY MANGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Noncompliance – ORC 133 Allowable Methods for Township’s to Issue Debt	No Longer Applies	The Township did not issue any additional debt during the 2021-2020 audit period.
2019-002	Noncompliance and Significant Deficiency - ORC 505.24 (‘C) Allocation of Trustees Salaries to Various Funds	Corrected	Payroll Certification forms were completed by the Trustees on a monthly basis.
2019-003	Noncompliance and Significant Deficiency – ORC 5705.10(D) Revenues the Law Prescribes Shall be Used for a Particular Purpose, Shall be Paid Into a Special Fund for that Purpose	Not Corrected	Homestead and Rollback was posted 100% to the General Fund instead of allocated to the proper Special Revenue Funds.
2019-004	Noncompliance and Significant Deficiency - ORC 5705.10(I) Money Paid into a Fund Shall Only Be Used for the Purposes for Which the Fund is Established.	Corrected	N/A
2019-005	Noncompliance – ORC 5705.39 Appropriations from Each Fund Shall not Exceed the Total Estimated Revenue Available for Expenditure.	Not Corrected	Same issue as in the prior audit.
2019-006	Noncompliance – ORC 5705.41(B) Expenditures Plus Encumbrances Outstanding at Year-End Exceed Approved Appropriation Authority	Corrected	N/A
2019-007	Preparation of the Financial Statements and Notes to the Financial Statements	Not Corrected	Same issue as in the prior audit.
2019-008	Presenting and Posting Estimated Receipts and Appropriations to the Accounting System.	Not Corrected	Same issue as in the prior audit..

# OHIO AUDITOR OF STATE KEITH FABER



**SHORT CREEK TOWNSHIP**

**HARRISON 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 6/23/2022**

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](http://www.ohioauditor.gov)