



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SHORT CREEK TOWNSHIP  
HARRISON COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Short Creek Township  
Harrison County  
300 Hagan Street  
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 by fund type, and related notes of Short Creek Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Short Creek Township, Harrison County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements for the year ended December 31, 2019 and Note 12 to the financial statements for the year ended December 31, 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 11, 2020

**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, 2019*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$24,786	\$210,908	\$0	\$235,694
Licenses, Permits and Fees	0	1,600	0	1,600
Intergovernmental	20,616	260,982	0	281,598
Earnings on Investments	93	14	1	108
Miscellaneous	541	354	0	895
<i>Total Cash Receipts</i>	<u>46,036</u>	<u>473,858</u>	<u>1</u>	<u>519,895</u>
<b>Cash Disbursements</b>				
Current:				
General Government	35,884	5,148	0	41,032
Public Safety	100	50,876	0	50,976
Public Works	0	225,624	0	225,624
Health	936	7,427	0	8,363
Capital Outlay	2,950	107,627	0	110,577
Debt Service:				
Principal Retirement	0	4,849	0	4,849
Interest and Fiscal Charges	0	1,272	0	1,272
<i>Total Cash Disbursements</i>	<u>39,870</u>	<u>402,823</u>	<u>0</u>	<u>442,693</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>6,166</u>	<u>71,035</u>	<u>1</u>	<u>77,202</u>
<b>Other Financing Receipts</b>				
Other Debt Proceeds	0	62,627	0	62,627
<i>Net Change in Fund Cash Balances</i>	6,166	133,662	1	139,829
<i>Fund Cash Balances, January 1</i>	<u>40,773</u>	<u>43,901</u>	<u>1,775</u>	<u>86,449</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	123,957	1,776	125,733
Committed	0	53,606	0	53,606
Assigned	26,371	0	0	26,371
Unassigned	20,568	0	0	20,568
<i>Fund Cash Balances, December 31</i>	<u>\$46,939</u>	<u>\$177,563</u>	<u>\$1,776</u>	<u>\$226,278</u>

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

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**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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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 and fire protection. The Township contracts with the Cadiz, Harrisville, New Athens and Short Creek Joint Fire District fire departments to provide fire services.

***Public Entity Risk Pool and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 7 and 12 to the financial statements provides 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.

***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*** The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

***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:

***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.

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

***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.

***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.

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

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

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road and Bridge and Fire District Funds by \$83,366 and \$27,847, respectively, for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,000	\$46,036	\$13,036
Special Revenue	373,671	536,485	162,814
Permanent	0	1	1
Total	\$406,671	\$582,522	\$175,851

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,773	\$39,970	\$25,803
Special Revenue	413,807	429,094	(15,287)
Total	\$479,580	\$469,064	\$10,516

**Note 5 – Deposits**

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

	2019
Demand deposits	\$226,278

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – 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 7 – Risk Management**

**Risk Pool Membership**

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

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

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

2018 (the latest information available)

Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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, 2019.

**Note 9 – Postemployment Benefits**

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

**Note 10 – Debt**

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

Promissory Note - Tractor & Mower	<u>Principal</u>	<u>Interest Rate</u>
	\$60,012	3.99%

On June 21, 2019, the Township issued a promissory note to finance the purchase of a new tractor and boom arm mower for Township road maintenance. The tractor and mower collateralized the loan.

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Amortization***

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

Year Ending December 31:	Promissory Note - Tractor & Mower
2020	\$7,653
2021	7,653
2022	7,653
2023	7,653
2024	7,653
2025-2029	<u>34,438</u>
Total	<u><u>\$72,703</u></u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 12 – 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 accountable.

**Note 13 – Subsequent Events**

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

**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, 2018*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$19,726	\$131,583	\$0	\$151,309
Licenses, Permits and Fees	0	750	0	750
Intergovernmental	21,741	113,660	0	135,401
Earnings on Investments	39	9	1	49
Miscellaneous	1,231	3,475	0	4,706
<i>Total Cash Receipts</i>	<u>42,737</u>	<u>249,477</u>	<u>1</u>	<u>292,215</u>
<b>Cash Disbursements</b>				
Current:				
General Government	30,116	6,715	0	36,831
Public Safety	0	64,239	0	64,239
Public Works	0	164,739	0	164,739
Health	3,158	1,866	0	5,024
Debt Service:				
Principal Retirement	0	2,000	0	2,000
Interest and Fiscal Charges	0	179	0	179
<i>Total Cash Disbursements</i>	<u>33,274</u>	<u>239,738</u>	<u>0</u>	<u>273,012</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>9,463</u>	<u>9,739</u>	<u>1</u>	<u>19,203</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	500	0	500
Transfers Out	(500)	0	0	(500)
<i>Other Financing Receipts</i>	<u>(500)</u>	<u>500</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	8,963	10,239	1	19,203
<i>Fund Cash Balances, January 1</i>	<u>31,810</u>	<u>33,662</u>	<u>1,774</u>	<u>67,246</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	26,248	1,775	28,023
Committed	0	17,653	0	17,653
Assigned	32,773	0	0	32,773
Unassigned	8,000	0	0	8,000
<i>Fund Cash Balances, December 31</i>	<u>\$40,773</u>	<u>\$43,901</u>	<u>\$1,775</u>	<u>\$86,449</u>

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

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**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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 and fire protection. The Township contracts with the Cadiz, Harrisville, New Athens and Short Creek Joint Fire District fire departments to provide fire services.

***Public Entity Risk Pool and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 7 and 11 to the financial statements provides 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.

***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*** The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

***Fire District Fund*** The fire district receives property tax money 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, 2018*

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***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

***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.

***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:

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

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

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

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road and Bridge and Fire District Funds by \$8,708 and \$14,338, respectively, for the year ended December 31, 2018. Also contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$2,950, for the year ended December 31, 2018.

**Note 4 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,000	\$42,737	\$12,737
Special Revenue	206,200	249,977	43,777
Permanent	0	1	1
Total	\$236,200	\$292,715	\$56,515

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,760	\$33,774	\$30,986
Special Revenue	235,090	239,738	(4,648)
Permanent	1,774	0	1,774
Total	\$301,624	\$273,512	\$28,112

**Note 5 – Deposits**

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

	2018
Demand deposits	\$86,449

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – 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 7 – Risk Management**

**Risk Pool Membership**

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

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

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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, 2018.

**Note 9 – Postemployment Benefits**

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

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
U.S. Department of Agriculture (USDA) General Obligation Bonds	<u>\$2,200</u>	4.25%

The Township issued USDA general obligation bonds to finance the purchase of a backhoe for Township road maintenance. The Township’s taxing authority collateralized the bonds.

**Short Creek Township**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Amortization***

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

Year Ending December 31:	USDA General Obligation Bonds
2019	<u>\$2,294</u>

**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 accountable.

**Note 12 – Subsequent Events**

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

# OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Short Creek Township  
Harrison County  
300 Hagan Street  
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 by fund type of Short Creek Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 11, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

### ***Internal Control Over Financial Reporting***

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

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 material weaknesses and significant deficiencies.

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 findings 2019-007 and 2019-008 described in the accompanying Schedule of Findings to be material weaknesses.

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 findings 2019-002 through 2019-004 described in the accompanying Schedule of Findings to be significant deficiencies.

***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2019-001 through 2019-006.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 11, 2020



**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Noncompliance**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2019, the Township made principal payments on outstanding promissory notes in the amount of 2,615. The promissory note was used by the Township to finance the purchase of a tractor and boom arm mower in the amount of \$62,627 in 2019.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**Officials' Response:** For future loans, the township will consult with legal counsel before proceeding.

**FINDING NUMBER 2019-002**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 505.24(C)** states, in part, that by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. Additionally, the amount of annual salary shall be paid from the Township General Fund or from other Township funds in such proportions as the Board may specify by resolution. Each Trustee shall certify the percentage of time spent working on matters to be paid from the Township General Fund and from other Township funds in such proportions as the kinds of services performed.

The Board of Trustees did not approve being paid on a salary basis in equal monthly installments for 2019 and 2018 in the Township minutes. Additionally, in November 2019, payroll certification forms were not completed by the Township Trustees to support payroll charges to Township funds other than the General Fund. As a result, \$585, \$1,404 and \$234 was improperly charged to the Motor Vehicle License Tax, Gas Tax and Road and Bridge Funds, respectively.

Adjustments, in which management agrees, have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-002  
(Continued)**

**Noncompliance and Significant Deficiency - Ohio Rev. Code § 505.24(C) (Continued)**

The Board of Trustees should approve being paid on a salary basis in equal monthly installments at the Township's annual reorganizational meetings. In addition, Trustees should complete payroll certification forms for each pay period in which Township funds other than the General Fund are charged.

**Officials' Response:** Fiscal Officer will make sure that payroll certification forms are signed every month. Fiscal Officer will address salary installment payments at next meeting.

**FINDING NUMBER 2019-003**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2018, we noted a receipt totaling \$650 for the opening and closing of a grave was improperly posted to the General Fund, rather than the Cemetery Fund.

This adjustment, to which Township management agrees, has been posted to the Township's accounting records and is reflected in the accompanying financial statements.

In addition to the adjustment listed above, we also identified additional misstatements in 2019 of \$148 and in 2018 ranging from \$91 to \$578 that we have brought to the Township's attention.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:** Fiscal Officer will work to ensure that proper funds are used.

**FINDING NUMBER 2019-004**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

During 2019, the Township charged \$1,705 of cemetery maintenance payroll costs to the Gasoline Tax Fund, rather than the Cemetery Fund. A review of the Township employee's time sheet revealed additional hours for cemetery related activities other than the hours adjusted for above, however, we were unable to determine the number of additional hours that should have been adjusted due to ambiguity in the timesheet documentation.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-004  
(Continued)**

**Noncompliance and Significant Deficiency (Continued) - Ohio Rev. Code Section 5705.10(I)**

Also during 2019, purchases totaling \$2,671 for stone for road repairs unrelated to the Township's Federal Emergency Management Agency (FEMA) project was improperly charged to the FEMA Fund, rather than the Road and Bridge Fund.

During 2018, the Township also improperly charged \$650 for a grave opening/closing to the General Fund, rather than the Cemetery Fund.

Adjustments, in which management agrees, have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

The Township did not have control procedures in place to ensure employee timesheets provide adequate documentation that the proper funds are charged for salaries or that expenditures are charged to the correct fund based on the nature of the expenditure.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should post all cemetery maintenance payroll costs to the Cemetery Fund. The Township's employee should clearly document the number of hours spent on all cemetery related activities so that the Fiscal Officer can properly allocate payroll costs to the Township funds. Additionally, all grave openings and closings should be charged to the Township's Cemetery Fund. Finally, the Township should ensure that only costs associated with its FEMA project are charged to the FEMA Fund.

**Officials' Response:** Fiscal Officer will request that employees document their time worked, but be more specific. Fiscal Officer will post to correct funds.

**FINDING NUMBER 2019-005**

**Noncompliance**

**Ohio Rev. Code § 5705.39** states, in part, that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure.

During 2018, total appropriations of \$64,760 exceeded the total of the estimated resources available for expenditure of \$61,810 in the General Fund by \$2,950.

The Township should regularly monitor appropriations and estimated resources to ensure that appropriations do not exceed the total estimated resources available for expenditure in each fund. This will help to reduce the risk of overspending within the Township and will add a measure of control over the Township's budgetary process.

**Officials' Response:** Fiscal Officer will monitor appropriations and resources better.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-006**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** requires that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Expenditures exceeded appropriations in the following funds in 2019:

<b>Fund</b>	<b>Approved Appropriations</b>	<b>Actual Expenditures plus Encumbrances Outstanding at Year-End</b>	<b>Variance</b>
Road and Bridge	\$86,900	\$170,266	(\$83,366)
Fire District	49,300	77,147	(27,847)

Expenditures exceeded appropriations in the following funds in 2018:

<b>Fund</b>	<b>Approved Appropriations</b>	<b>Actual Expenditures</b>	<b>Variance</b>
Road and Bridge	\$74,158	\$82,866	(\$8,708)
Fire District	49,901	64,239	(14,338)

The Township should regularly monitor appropriations and expenditures and, if necessary, file amendments with the County Auditor to ensure that expenditures from each fund do not exceed the total appropriations. This will help to reduce the risk of disbursements exceeding appropriations and will add a measure of control over the Township's budgetary process.

**Officials' Response:** Fiscal Officer will regularly monitor appropriations and expenditures and file amendments with the County Auditor when needed.

**FINDING NUMBER 2019-007**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-007  
(Continued)**

**Material Weakness (Continued)**

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example); classify disbursements by fund, program (general government, for example) or object (personal services, for example); and provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and disbursements into accurate classifications on the financial statements.

Also, the Township did not properly classify its December 31, 2019 and 2018 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

The UAN Accounting and General Manual provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

We noted the following in 2019:

- The Township did not post loan proceeds in the amount of \$62,627 and a gift from the Harrison County Commissioners in the amount of \$45,000, as well as the corresponding disbursement, for the purchase of a tractor and boom arm mower in the total amount of \$107,627 in the Road & Bridge Fund.
- A portion (\$1,900) of the Township's AEP bills which were paid from the General Fund were improperly classified as public works, rather than general government.
- The purchase of a hot water heater in the amount of \$2,950 was improperly classified as public works, rather than capital outlay in the General Fund.
- A portion (\$26,371) of the Township's General Fund ending balance was improperly classified as unassigned, rather than assigned due to encumbrances that were outstanding at December 31, 2019.

We noted the following in 2018:

- Lodging excise tax receipts totaling \$331 were improperly classified as taxes, rather than intergovernmental in the General Fund.
- 1st half real estate homestead and rollback receipts in the amounts of \$960, \$2,913 and \$2,395 were improperly posted as taxes, rather than intergovernmental in the General, Road and Bridge and Fire District funds, respectively.
- A portion (\$1,620) of the Township's AEP bills which were paid from the General Fund were improperly classified as public works, rather than general government.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-007  
(Continued)**

**Material Weakness (Continued)**

- A portion (\$32,773) of the Township's General Fund ending balance was improperly classified as unassigned, rather than assigned due to subsequent year appropriations exceeding estimated receipts.

The adjustments noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

In addition, we also identified additional misstatements ranging from \$963 to \$5,872 in 2019 and \$15 to \$1,157 in 2018 that we have brought to the Township's attention and are not reflected in the accompanying financial statements due to their insignificance.

By not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should take the necessary steps to ensure that all receipts, disbursements and fund balances are properly presented and disclosed in the Township's financial statements. When classifying fund balance in accordance with GASB 54 the Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for guidance. Additionally, the Township should ensure all transactions made on behalf of the Township are posted to the Township's accounting system.

**Officials' Response:** Fiscal Officer will ensure that all receipts, disbursements, and fund balances are properly presented and disclosed in the Township's financial statements. Fiscal Officer will use the Auditor of State Bulletin for guidance.

**FINDING NUMBER 2019-008**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-008  
(Continued)**

**Material Weakness (Continued)**

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Fiscal Officer did not properly post budgeted receipts or appropriations, including amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system.

The following variances occurred in 2019:

Fund	Estimated Receipts per Last Amended Certificate	Estimated Receipts Posted to the Accounting System	Variance
General	\$33,000	\$46,036	\$13,036
Gas Tax	93,000	109,087	16,087
Road and Bridge	70,000	98,592	28,592
Cemetery	30,000	44,546	14,546
Fire District	49,300	77,259	27,959

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
Fire District	\$49,300	\$77,177	(\$27,877)

The following variances occurred in 2018:

Fund	Estimated Receipts per Last Amended Certificate	Estimated Receipts Posted to the Accounting System	Variance
General	\$30,000	\$43,386	\$13,386
Road and Bridge	57,500	89,291	31,791
Cemetery	2,000	2,600	600
Fire District	47,500	64,885	17,385
Permanent	0	1	1

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
General	\$64,760	\$75,196	(\$10,436)
Road and Bridge	74,158	105,950	(31,792)
Cemetery	2,676	3,276	(600)
Fire District	49,901	67,286	(17,385)

**SHORT CREEK TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-008  
(Continued)**

**Material Weakness (Continued)**

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

Because the information entered into the accounting system was inaccurate, the Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in the notes to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations as approved by the Township Trustees.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the accounting system, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the accounting system.

**Officials' Response:** Fiscal Officer is going to locate where this information of present budget vs actual results is located so it can be presented to the board of Trustees. Fiscal Officer is going to record estimated receipts, appropriations, and all amendments.



**SHORT CREEK TOWNSHIP**  
**300 HAGAN STREET**  
**ADENA, OHIO 43901**  
**(740) 546-2087**  
*Shortcreektwp@yahoo.com*

*Trustees*  
*H. Jay Hopkins, President*  
*Andrew M. Filippi*  
*Dave Richardson*

*Fiscal Officer*  
*Jessica R. Brown*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Ohio Rev. Code § 5705.38(A) & 5705.41(B)	Not Corrected	Fiscal Officer will work to make sure the Trustees approve the budget and annual appropriations and that such is documented in the minutes.
2017-002	Ohio Rev. Code § 5705.10(D)	Not Corrected	Fiscal Officer will post funds to the correct funds.
2017-003	Ohio Rev. Code § 5705.10(I)	Not Corrected	Fiscal Officer will post transactions to the Cemetery Fund and/or General Fund when needed.
2017-004	Proper Classification of Receipts and Ending Fund Balances	Not Corrected	Fiscal Officer will work to make sure to use proper classification of receipts and ending fund balances.
2017-005	Proper Posting of Budgetary Amounts to the Accounting System	Not Corrected	Fiscal Officer will work to make sure there is proper posting of budgetary amounts to the accounting system.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**SHORT CREEK TOWNSHIP**

**HARRISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 23, 2020**