



**SHARON TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998 - 1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Agency Fund – For the Year Ended December 31, 1998	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Agency Fund – For the Year Ended December 31, 1997	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Sharon Township
Franklin County
137 E. Granville Road
Worthington, Ohio 43085

We have audited the accompanying financial statements of Sharon Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Sharon Township, Franklin County, Ohio as of December 31, 1998 and December 31, 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 1999 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 grants.

This report is intended solely for the information and use of the management and the Township and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

December 23, 1999

Sharon Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
Cash Receipts:				
Local Taxes	\$152,037	\$615,637	\$0	\$767,674
Intergovernmental	137,149	130,056	0	267,205
Licenses, Permits, and Fees	0	32,572	0	32,572
Fines, Forfeitures, and Penalties	0	306	0	306
Earnings on Investments	48,668	3,931	0	52,599
Other Revenue	12,353	96,765	128	109,246
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	350,207	879,267	128	1,229,602
Cash Disbursements:				
Current:				
General Government	159,492	475,125	127	634,745
Public Safety	19,603	167,809	0	187,412
Public Works	37,616	111,266	0	148,882
Health	40,451	0	0	40,451
Capital Outlay	0	67,464	0	67,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	257,163	821,664	127	1,078,954
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	93,044	57,603	1	150,648
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements:	93,044	57,603	1	150,648
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	576,308	473,989		1,050,297
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$669,352	\$531,592	\$1	\$1,200,945
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$1,455	\$18,907	\$0	\$20,362
	<hr/>	<hr/>	<hr/>	<hr/>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency Fund</u>	
Cash Receipts:					
Local Taxes	\$152,984	\$617,163	\$0	\$0	\$770,147
Intergovernmental	155,678	128,760	179,771	0	464,209
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses, Permits, and Fees	25	34,362	0	0	34,387
Fines, Forfeitures, and Penalties	0	150	0	0	150
Earnings on Investments	47,511	4,138	0	0	51,649
Other Revenue	29,387	130,078	0	114	159,579
Total Cash Receipts	<u>385,585</u>	<u>914,651</u>	<u>179,771</u>	<u>114</u>	<u>1,480,121</u>
Cash Disbursements:					
Current:					
General Government	163,329	0	0	0	163,329
Public Safety	44,200	464,705	0	0	508,905
Public Works	63,001	209,945	0	0	272,947
Health	9,333	150,258	0	0	159,591
Human Services	0	0	0	0	0
Conservation - Recreation	0	0	0	0	0
Miscellaneous	20,000	0	0	0	20,000
Debt Service:	0	0	0	0	0
Redemption of Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Capital Outlay	209,663	34,131	179,771	0	423,564
Total Cash Disbursements	<u>509,526</u>	<u>859,039</u>	<u>179,771</u>	<u>0</u>	<u>1,548,335</u>
Total Receipts Over/(Under) Disbursements	<u>(123,941)</u>	<u>55,612</u>	<u>0</u>	<u>114</u>	<u>(68,215)</u>
Other Financing Receipts/(Disbursements):					
Other Sources	15	-	-	-	15
Other Uses	-	-	-	114	114
Total Other Financing Receipts/(Disbursements)	<u>15</u>	<u>0</u>	<u>0</u>	<u>(114)</u>	<u>(99)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(123,926)</u>	<u>55,612</u>	<u>0</u>	<u>0</u>	<u>(68,313)</u>
Fund Cash Balances, January 1	<u>700,234</u>	<u>418,377</u>	<u>0</u>	<u>0</u>	<u>1,118,611</u>
Fund Cash Balances, December 31	<u>\$576,308</u>	<u>\$473,989</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,050,298</u>
Reserve for Encumbrances, December 31	<u>\$985</u>	<u>\$76,938</u>	<u>\$0</u>	<u>\$0</u>	<u>\$77,923</u>

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

**NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sharon Township, Franklin County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, police protection, fire protection and emergency medical services. The Township contracts with the City of Worthington to provide fire and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Repurchase agreements are valued at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Police District Fund - This fund receives property tax money for providing police service to the residents of Sharon Township.

NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund in 1997:

Permanent Improvement Fund - The Township received funding from Ohio Public Works Commission for various improvements throughout the Township.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Agency Fund - The Township receives funding from the Trustees to pay for life insurance.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1998</u>	<u>1997</u>
Demand deposits	<u>\$1,200,945</u>	<u>\$1,050,298</u>
Total Deposits	<u><u>\$1,200,945</u></u>	<u><u>\$1,050,298</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 1998 and 1997 are as follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$350,207	\$350,207	\$0
Special Revenue	879,267	879,267	0
Fiduciary	<u>128</u>	<u>128</u>	<u>0</u>
Total	<u><u>\$1,229,602</u></u>	<u><u>\$1,229,602</u></u>	<u><u>\$0</u></u>

**NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$448,355	\$258,618	\$189,737
Special Revenue	972,937	840,511	132,426
Fiduciary	128	127	1
Total	<u>\$1,421,420</u>	<u>\$1,099,256</u>	<u>\$322,164</u>

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$381,830	\$385,600	\$3,770
Special Revenue	906,688	914,651	7,963
Capital Projects	179,771	179,771	0.
Total	<u>\$1,468,289</u>	<u>\$1,480,022</u>	<u>\$11,733</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$641,846	\$510,511	\$131,335
Special Revenue	1,045,633	935,977	109,656
Capital Projects	180,384	179,771	613
Total	<u>\$1,867,863</u>	<u>\$1,626,259</u>	<u>\$241,604</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

5. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, Full-time Police members of PERS contributed 9% of their wages to the PERS. The Township contributed an amount equal to 16.7% of their wages. All other members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

8. SUBSEQUENT EVENTS

On November 2, 1999 the citizens of Sharon Township passed two tax levies not to exceed 3 mills each. These two levies are designed to fund police and road expenses of the Township.

9. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

The Township has completed an inventory of computer systems and other electronic equipment necessary to conducting operations. Sharon Township has identified the following systems requiring Year 2000 remediation:

- **Financial reporting , payroll, and Budget vs. Actual systems:** The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating this system and is solely responsible for any costs associated with this project. As of December 31, 1998 the Auditor of State was validating and testing the UAN system. The Auditor of State completed validation and testing in 1999, and Sharon Township has now installed this version.

NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

9 YEAR 2000 ISSUE (Continued)

- **Building Operation:** Sharon Township leases rooms in Sharon Memorial Hall from the Board of Sharon Memorial Hall. The Board of Sharon Memorial Hall is responsible for the remediation of this system and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Sharon Township is or will be Year 2000 ready, that Sharon Townships remediation efforts will be successful in whole or in part, or that parties with whom Sharon Township does business will be year 2000 ready.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Sharon Township
Franklin County
137 E. Granville Road
Worthington, Ohio 43085

We have audited the accompanying financial statements of Sharon Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated December 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated December 23, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated December 23, 1999.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

December 23, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SHARON TOWNSHIP

FRANKLIN 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
FEBRUARY 8, 2000**