



**SHARON TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SHARON TOWNSHIP
FRANKLIN COUNTY

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, 2000	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, 1999	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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Sharon Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 the Township as of December 31, 2000 and December 31, 1999, 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 May 1, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees 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

May 1, 2001

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**SHARON TOWNSHIP
FRANKLIN COUNTY**

**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
Cash Receipts:				
Local Taxes	\$62,341	\$980,130	\$0	\$1,042,471
Intergovernmental	377,565	252,257	0	629,822
Licenses, Permits, and Fees		40,496	0	40,496
Fines, Forfeitures, and Penalties		488	0	488
Earnings on Investments	106,038	6,733	0	112,771
Other Revenue	11,832	84,959	16	96,807
	<u>557,776</u>	<u>1,365,063</u>	<u>16</u>	<u>1,922,855</u>
Total Cash Receipts				
	<u>557,776</u>	<u>1,365,063</u>	<u>16</u>	<u>1,922,855</u>
Cash Disbursements:				
Current:				
General Government	176,822	0	17	176,839
Public Safety	40,000	579,982	0	619,982
Public Works	2,339	164,617	0	166,956
Health	20,387	238,407	0	258,794
Capital Outlay		21,561	0	21,561
	<u>239,548</u>	<u>1,004,567</u>	<u>17</u>	<u>1,244,132</u>
Total Cash Disbursements				
	<u>239,548</u>	<u>1,004,567</u>	<u>17</u>	<u>1,244,132</u>
Total Receipts Over/(Under) Disbursements	318,228	360,496	(1)	678,723
Fund Cash Balances, January 1	<u>1,192,749</u>	<u>557,795</u>	<u>1</u>	<u>1,750,545</u>
Fund Cash Balances, December 31	<u>\$1,510,977</u>	<u>\$918,291</u>	<u>\$0</u>	<u>\$2,429,268</u>
Reserve for Encumbrances, December 31	<u>\$476</u>	<u>\$11,066</u>	<u>\$0</u>	<u>\$11,542</u>

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

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
Cash Receipts:				
Local Taxes	\$106,735	\$665,175	\$0	\$771,910
Intergovernmental	604,787	134,856	0	739,643
Licenses, Permits, and Fees	0	26,930	0	26,930
Fines, Forfeitures, and Penalties	0	175	0	175
Earnings on Investments	65,789	4,483	0	70,272
Other Revenue	9,928	76,075	139	86,142
	<u>787,239</u>	<u>907,694</u>	<u>139</u>	<u>1,695,072</u>
Total Cash Receipts				
	<u>787,239</u>	<u>907,694</u>	<u>139</u>	<u>1,695,072</u>
Cash Disbursements:				
Current:				
General Government	161,573	0	139	161,712
Public Safety	0	516,402	0	516,402
Public Works	30,018	172,809	0	202,827
Health	43,230	167,357	0	210,587
Capital Outlay	<u>24,923</u>	<u>24,923</u>	<u>0</u>	<u>24,923</u>
	<u>234,821</u>	<u>881,491</u>	<u>139</u>	<u>1,116,451</u>
Total Cash Disbursements				
	<u>234,821</u>	<u>881,491</u>	<u>139</u>	<u>1,116,451</u>
Total Receipts Over/(Under) Disbursements	<u>552,418</u>	<u>26,203</u>	<u>0</u>	<u>578,621</u>
Other Financing Receipts/(Disbursements):				
Other Uses	<u>(29,021)</u>	<u>0</u>	<u>0</u>	<u>(29,021)</u>
	<u>(29,021)</u>	<u>0</u>	<u>0</u>	<u>(29,021)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(29,021)</u>	<u>0</u>	<u>0</u>	<u>(29,021)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>523,397</u>	<u>26,203</u>	<u>0</u>	<u>549,600</u>
Fund Cash Balances, January 1	<u>669,352</u>	<u>531,592</u>	<u>1</u>	<u>1,200,945</u>
Fund Cash Balances, December 31	<u><u>\$1,192,749</u></u>	<u><u>\$557,795</u></u>	<u><u>\$1</u></u>	<u><u>\$1,750,545</u></u>
Reserve for Encumbrances, December 31	<u><u>\$45,784</u></u>	<u><u>\$8,307</u></u>	<u><u>\$0</u></u>	<u><u>\$54,091</u></u>

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

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sharon Township, Franklin County, Ohio, (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, and police protection. 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

Certificates of deposit, and repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Funds:

Cemetery Fund - This fund receives property tax money for the maintaining township cemeteries.

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police District Fund - This fund receives property tax money for providing security of persons and property for township residents.

Fire District Fund - This fund receives property tax money for providing security of persons and property for township residents.

3. Fiduciary Funds (Agency Fund)

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 funds:

Agency Fund - The township receives money from the Clerk and Trustees to pay life insurance premiums.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control 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 2000 and 1999 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.

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$260,313	(\$43,031)
Certificates of deposit	<u>100,538</u>	<u>0</u>
Total deposits	<u>360,851</u>	<u>(43,031)</u>
Repurchase Agreement	1,315,050	1,189,572
STAR Ohio	<u>753,367</u>	<u>604,004</u>
Total investments	<u>2,068,417</u>	<u>1,793,576</u>
Total deposits and investments	<u><u>\$2,429,268</u></u>	<u><u>\$1,750,545</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: State statutes permit the Township to invest in interim deposits in repurchase agreements, that is, an agreement in which the Township transfers cash to a financial institution; the financial institution transfers securities to the Township and promises to repay the cash plus interest in exchange for the same securities. The said securities are uninsured and unregistered and are held in book entry form by a third party, the Federal Reserve, in the name of the financial institution. The purchased securities are limited to only U.S. Treasury and Agency Notes. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$211,474	\$557,776	\$346,302
Special Revenue	1,344,080	1,365,063	20,983
Agency	<u>17</u>	<u>16</u>	<u>(1)</u>
Total	<u><u>\$1,555,571</u></u>	<u><u>\$1,922,855</u></u>	<u><u>\$367,284</u></u>

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$400,504	\$240,024	\$160,480
Special Revenue	1,412,476	1,015,633	396,843
Agency	18	17	1
Total	<u>\$1,812,998</u>	<u>\$1,255,674</u>	<u>\$557,324</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$781,080	\$787,239	\$6,159
Special Revenue	907,257	907,694	437
Agency	139	139	0
Total	<u>\$1,688,476</u>	<u>\$1,695,072</u>	<u>\$6,596</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$359,883	\$309,626	\$50,257
Special Revenue	1,030,452	889,798	140,654
Agency	139	139	0
Total	<u>\$1,390,474</u>	<u>\$1,199,563</u>	<u>\$190,911</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.

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.

**SHARON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, law enforcement members of PERS contributed 9% of their wages to 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% in 1999 and 10.84% in 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

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 may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance 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.

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Sharon Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 1, 2001. 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 an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 1, 2001.

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.

Sharon Township
Franklin County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, 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

May 1, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MAY 22, 2001**