

**SHARON TOWNSHIP
NOBLE COUNTY**

AUDIT REPORT

JANUARY 1, 2016 - DECEMBER 31, 2017

OHIO AUDITOR OF STATE KEITH FABER

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

Township Trustees
Sharon Township
14475 Fogle Road
Caldwell, Ohio 43724

We have reviewed the *Independent Auditors' Report* of the Sharon Township, Noble County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance/Findings for Adjustment

Ohio Rev. Code § 507.09 (E) states a township fiscal officer may be compensated from the township General Fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services to each fund by certification specifying the percentage of time spend working on matters to be paid from the township General Fund or from other township funds in such proportions as the kinds of services performed.

The following adjustments identified in prior audits have not been posted to the Township's financial statements:

- For the audit period January 1, 2010 to December 31, 2011, the Fiscal Officer incorrectly charged a portion of her 2010 Ohio Public Employees Retirement System (OPERS) employer and employees share for retirement payments from the Gasoline Tax Fund totaling \$2,114. Payroll certifications were not completed that would allow the OPERS payments to be posted to a fund other than the General Fund.
- For the audit period January 1, 2012 to December 31, 2012, the Fiscal Officer incorrectly charged a portion of her salary from the Gasoline Tax Fund totaling \$821 yet no payroll certification was prepared or completed to support the time charged to a fund other than the General Fund.
- For the audit period January 1, 2013 to December 31, 2013, the Fiscal Officer incorrectly paid a portion of her insurance premiums from the Gasoline Tax Fund in the amount of \$263 with no payroll certification completed to support the time charged to a fund other than the General Fund.

Noncompliance/Finding for Adjustment (Continued)

- For the audit period January 1, 2015 to December 31, 2015, the Fiscal Officer incorrectly paid a portion of her salary from the Motor Vehicle License (MVL) Tax Fund, Gasoline Tax Fund and Road & Bridge Fund totaling \$792, \$2,999 and \$1,137, respectively. Payroll certifications were not completed that would allow the salary to be posted to a fund other than the General Fund.

The following adjustments have been identified in the current audit period of January 1, 2016 through December 31, 2017 and have not been posted to the Township's financial statements:

- The Fiscal Officer paid a portion of her salary from funds other than the General Fund without payroll certifications. During 2016, her salary was paid from the Gasoline Tax Fund and Road & Bridge Fund totaled \$2,147 and \$836, respectively. During 2017, her salary was paid from the Gasoline Tax Fund, Road & Bridge Fund and MVL Tax Fund totaled \$2,000, \$2,439 and \$620, respectively.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.38, we hereby issue a Finding for Adjustment in the amount of \$16,168 against the General Fund and in favor of the Motor Vehicle License Tax Fund for \$1,412, the Gasoline Tax Fund for \$10,344 and the Road and Bridge Fund for \$4,412. The Fiscal Officer has not posted these adjustments to the Township's records, and therefore, these adjustments are not reflected in the accompanying financial statements.

Noncompliance Citation/Finding for Adjustment

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

The following adjustments were identified in the previous audit and have not been posted to the Township's financial statements:

- For the audit period January 1, 2012 through December 31, 2013, the Township incorrectly paid fire contracts from the MVL Tax Fund and the Gasoline Tax Fund rather than from the General Fund totaling \$582 and \$582, respectively.

Noncompliance/Finding for Adjustment (Continued) For the audit period January 1, 2014 through December 31, 2015, the Township incorrectly paid fire contracts from the MVL Tax Fund and the Gasoline Tax Fund rather than from the General Fund totaling \$600 and \$600, respectively.

The following adjustments have been identified in the current audit period of January 1, 2016 through December 31, 2017 and have not been posted to the Township's financial statements:

- For the period January 1, 2016 through December 31, 2016, the Township incorrectly paid fire contracts from the Gasoline Tax Fund rather than from the General Fund totaling \$600.
- For the period January 1, 2016 through December 31, 2016, the Township recorded certain real estate tax receipts in the Road & Bridge Fund rather than in favor of the General Fund totaling \$10,299.
- For the period January 1, 2016 through December 31, 2016, the Township recorded a Permissive MVL Tax receipt in the General Fund totaling \$3,486 rather than in the Gasoline Tax Fund, MVL Tax Fund and the Permissive MVL Tax Fund in the amounts of \$2,640, \$794 and \$52, respectively.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.38, we hereby issue a Finding for Adjustment in the amount of \$10,299 against the Road and Bridge Fund and in favor of the General Fund for \$3,849, the Motor Vehicle License Tax Fund for \$1,976, the Gasoline Tax Fund for \$4,422 and the Permissive Motor Vehicle License Tax Fund for \$52. The Fiscal Officer has not posted these adjustments to the Township's records, and therefore, these adjustments are not reflected in the accompanying financial statements.

The cumulative effect of the two Findings for Adjustment, noted above, is for a net adjustment against the General Fund for \$12,319 and against the Road and Bridge Fund for \$5,887 and in favor of the Gasoline Tax Fund, Motor Vehicle License Tax Fund, and the Permissive Motor Vehicle License Tax Fund in the amounts of \$14,766, \$3,388, and \$52 respectively.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Sharon Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State

June 12, 2019

This page intentionally left blank.

**SHARON TOWNSHIP
NOBLE COUNTY
JANUARY 1, 2016 - DECEMBER 31, 2017**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-3
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2017	4
2017 Footnotes to the Financial Statements	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	10
2016 Notes to the Financial Statements	11
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	16
Schedule of Audit Findings	18
Schedule of Prior Audit Findings	25

This page intentionally left blank.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Sharon Township
Noble County
14475 Fogle Road
Caldwell, Ohio 43724

To the Township 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 the Sharon Township, Noble County, as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 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 opinion.

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

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

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

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 Sharon Township, Noble County as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on Regulatory Basis of Accounting

During a prior audit period from January 1, 2010 to December 31, 2011, the Township's audit report contained three Finding for Adjustments, which have not been made by the Township as of the date of this report. The cumulative effect of these adjustments from the prior audit not being made would decrease the General Fund cash balance by \$5,106 and increase the Special Revenue Fund cash balance by \$5,106. The Township declined to make these adjustments.

During 2012, the Fiscal Officer improperly allocated the Fiscal Officer's salary and Trustee's salary to an improper fund, paid the fire contract from an improper fund, and improperly posted revenues t revenues to incorrect funds, in the cumulative amount of \$7,902. The cumulative effect of these proposed 2012 adjustments and the unposted prior audit adjustments, in the amount of \$5,106 to the 2012 financial statements would decrease the General Fund cash balance by \$13,008 and increase the Special Revenue Fund cash balance by \$13,008. The Township declined to make these adjustments.

During 2013, the Fiscal Officer improperly allocated the Fiscal Officer's insurance reimbursement and Trustees' salary to an improper fund, paid the fire contract from an improper fund, and improperly posted revenues to incorrect funds, in the cumulative amount of \$3,714. The cumulative effect of these proposed 2013 and 2012 adjustments, in the amount of \$7,902 and the unposted prior audit adjustments, in the amount of \$5,106, to the 2013 financial statements would decrease the General Fund cash balance by \$16,722 and increase the Special Revenue Fund cash balance by \$16,722. The Township declined to make these adjustments.

During 2015 and 2014, the Fiscal Officer improperly allocated the Fiscal Officer's salary (2015 only) to an improper fund and paid the fire contract (2015 and 2014) from an improper fund, in the cumulative amount of \$6,128. The cumulative effect of these proposed 2015 and 2014 adjustments and the unposted prior audit adjustments, in the amount of \$16,722 to the 2015 financial statements would decrease the General Fund cash balance by \$22,850 and increase the Special Revenue Fund cash balance by \$22,850. The Township declined to make these adjustments.

During 2017 and 2016, the Fiscal Officer improperly allocated the Fiscal Officer's salary to an improper fund, paid the fire contract (2016) from an improper fund, and had many postings that require adjusting fund balances due to incorrectly posting of revenue, in the cumulative amount of \$4,047. The cumulative effect of these proposed 2017 and 2016 adjustments and the unposted prior audit adjustments, in the amount of \$22,850 to the 2017 and 2016 financial statements would decrease the General Fund cash balance by \$18,803 and increase the Special Revenue Fund cash balance by \$18,803. The Township declined to make these adjustments.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion on Regulatory Basis* paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined cash balances of Sharon Township, Noble County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

Emphasis of Matter

As discussed in Note 9, the Township is experiencing financial difficulties. Management has declined to post the aforementioned adjustments discussed in the Basis for Adverse Opinion on Regulatory Basis of Accounting paragraphs, due to the General Fund's cash balance not be sufficient to support these adjustments. Management's plan in regards to these financial difficulties is described in Note 8 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2018, on our consideration of Sharon 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 21, 2018

**SHARON TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 13,450	\$ 2,881	\$ -	\$ 16,331
Intergovernmental	12,464	103,056	-	115,520
Earnings on Investments	16	25	-	41
Miscellaneous	6,885	583	-	7,468
Total Cash Receipts	<u>32,815</u>	<u>106,545</u>	<u>-</u>	<u>139,360</u>
Cash Disbursements:				
Current:				
General Government	15,644	5,284	-	20,928
Public Safety	513	-	-	513
Public Works	2,206	109,822	-	112,028
Total Cash Disbursements	<u>18,363</u>	<u>115,106</u>	<u>-</u>	<u>133,469</u>
Net Change in Fund cash Balance	14,452	(8,561)	-	5,891
Fund Cash Balances, January 1	<u>43,824</u>	<u>149,720</u>	<u>1,122</u>	<u>194,666</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	1,122	1,122
Restricted	-	125,703	-	125,703
Committed	-	15,456	-	15,456
Unassigned (Deficit)	58,276	-	-	58,276
Fund Cash Balances, December 31	<u>\$ 58,276</u>	<u>\$ 141,159</u>	<u>\$ 1,122</u>	<u>\$ 200,557</u>

See notes to financial statements.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sharon Township, Noble County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery services and fire protection. The Township contracts with the Caldwell Volunteer Fire Company to provide fire services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

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 Bequest Fund – This fund receives interest earned on the nonspendable corpus from a trust agreement, which was placed in a savings account. These earnings are used for the general maintenance

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2017 appears in Note 3.

D. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

E. 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.

F. 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.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,700	\$ 32,815	\$ 2,115
Special Revenue	97,400	106,545	9,145
Permanent	5	-	(5)
Total	\$ 128,105	\$ 139,360	\$ 11,255

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 74,524	\$ 18,363	\$ 56,161
Special Revenue	247,120	115,106	132,014
Permanent	1,123	-	1,123
Total	\$ 322,767	\$ 133,469	\$ 189,298

Contrary to ORC 5705.41(D), the Township made expenditures without prior certification.

4. EQUITY IN POOLED CASH

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

	2017
Demand Deposits	\$ 199,757
Certificate of Deposit	800
Total Deposits	\$ 200,557

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

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2017.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. FINANCIAL DIFFICULTIES

At December 31, 2017, the following funds had adjustments which the Township declined to make in the following amounts (this table also includes adjustments from 2010, 2011, 2012, 2013, 2014, 2015 and 2016 that the township declined to make in those years):

Fund	12/31/17 Balance	Adjustments Not Made	Effect on 12/31/17 Balance
General	\$ 58,276	\$ (18,803)	\$ 39,473
Special Revenue	141,159	18,803	159,962

The Township has no formal plans for increasing the revenue stream of the General Fund but is monitoring all expenditures of the General Fund. The adjustments not made in the Special Revenue Fund type affect the Motor Vehicle License Tax Fund in the amount of \$11,462, the Gasoline Tax Fund in the amount of \$16,063, the Road and Bridge Fund in the amount of \$(8,501) and the Permissive Motor Vehicle License Tax Fund in the amount of (\$221).

**SHARON TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 12,290	\$ 12,907	\$ -	\$ 25,197
Intergovernmental	13,787	88,144	-	101,931
Earnings on Investments	16	25	-	41
Miscellaneous	2,135	641	-	2,776
Total Cash Receipts	<u>28,228</u>	<u>101,717</u>	-	<u>129,945</u>
Cash Disbursements:				
Current:				
General Government	21,215	3,578	-	24,793
Public Works	1,995	98,327	-	100,322
Total Cash Disbursements	<u>23,210</u>	<u>101,905</u>	-	<u>125,115</u>
Net Change in Fund cash Balance	5,018	(188)	-	4,830
Fund Cash Balances, January 1	<u>38,806</u>	<u>149,908</u>	<u>1,122</u>	<u>189,836</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	1,122	1,122
Restricted	-	134,132	-	134,132
Committed	-	15,588	-	15,588
Unassigned (Deficit)	43,824	-	-	43,824
Fund Cash Balances, December 31	<u>\$ 43,824</u>	<u>\$ 149,720</u>	<u>\$ 1,122</u>	<u>\$ 194,666</u>

See notes to financial statements.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sharon Township, Noble County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery services and fire protection. The Township contracts with the Caldwell Volunteer Fire Company to provide fire services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

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 Bequest Fund – This fund receives interest earned on the nonspendable corpus from a trust agreement, which was placed in a savings account. These earnings are used for the general maintenance

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2016 appears in Note 3.

D. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

E. 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.

F. 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.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,915	\$ 28,228	\$ (2,687)
Special Revenue	98,020	101,717	3,697
Permanent	5	-	(5)
Total	\$ 128,940	\$ 129,945	\$ 1,005

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,721	\$ 23,210	\$ 46,511
Special Revenue	271,145	101,905	169,240
Special Revenue	1,127	-	1,127
Total	\$ 341,993	\$ 125,115	\$ 216,878

Contrary to ORC 5705.41(D), the Township made expenditures without prior certification.
 Contrary to ORC 5705.39, the Township's Gasoline Tax Fund and Road & Bridge Fund had appropriations greater than estimated resources.

4. EQUITY IN POOLED CASH

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

	2016
Demand Deposits	\$ 193,866
Certificate of Deposit	800
Total Deposits	\$ 194,666

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

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**SHARON TOWNSHIP
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2016.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. FINANCIAL DIFFICULTIES

At December 31, 2016, the following funds had adjustments which the Township declined to make in the following amounts (this table also includes adjustments from 2010, 2011, 2012, 2013, 2014 and 2015 that the township declined to make in those years):

Fund	12/31/16 Balance	Adjustments Not Made	Effect on 12/31/16 Balance
General	\$ 43,824	\$ (16,940)	\$ 26,484
Special Revenue	149,720	16,940	166,660

The Township has no formal plans for increasing the revenue stream of the General Fund but is monitoring all expenditures of the General Fund. The adjustments not made in the Special Revenue Fund type affect the Motor Vehicle License Tax Fund in the amount of \$10,842, the Gasoline Tax Fund in the amount of \$14,663, the Road and Bridge Fund in the amount of \$(8,344) and the Permissive Motor Vehicle License Tax Fund in the amount of (\$221).

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Sharon Township
Noble County
14475 Fogle Road
Caldwell, Ohio 43724

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Sharon Township, Noble County as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 21, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Also, we issued an adverse opinion on the 2017 and 2016 regulatory financial statements due to the Township declining to make adjustments for mispostings.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Sharon 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 first 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2017-001, 2017-002, 2017-003 and 2017-006 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sharon 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed six instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001, 2017-002, 2017-003, 2017-004, 2017-005 and 2017-007.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 21, 2018

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-001

Prior Finding for Adjustment/Noncompliance/Material Weakness

Ohio Rev. Code § 507.09 (C) states a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

During the prior audit period January 1, 2010 to December 31, 2011, the Fiscal Officer charged a portion of her Ohio Public Employees Retirement System (OPERS) employer and employees share for retirement payments from the Gasoline Tax Fund in the amount of \$2,114 in 2010. The Fiscal Officer's 2010 salary was paid entirely from the General Fund. A citation was included in the 2010-2011 audit as noted in the Schedule of Prior Audit Findings, as Finding Number 2011-002.

For the audit period January 1, 2012 to December 31, 2012, the Fiscal Officer paid a portion of her salary from the Gasoline Tax Fund in the amount of \$821 yet not certification was prepared or completed to support the time charged to a fund other than the General Fund.

For the audit period January 1, 2013 to December 31, 2013, the Fiscal Officer paid a portion of her insurance premiums from the Gasoline Tax Fund in the amount of \$263 with no certification completed to support the time charged to a fund other than the General Fund.

For the audit period January 1, 2015 through December 31, 2015, the Fiscal Officer paid a portion of her salary from the MVL Tax Fund, Gasoline Tax Fund and Road & Bridge Fund in the amount of \$792, \$2,999 and \$1,137, respectively. It was noted in an e-mail from the prior audit that the fiscal officer was informed that her salary could be allocated but a certification would need to be completed. There were no certifications completed that would allow the salary to be posted to any other fund other than the General Fund.

For the audit period January 1, 2016 through December 31, 2017, the Fiscal Officer paid a portion of her salary from the MVL Tax Fund, Gasoline Tax Fund and Road & Bridge Fund in the amount of \$620, \$4,147 and \$3,275, respectively. It was noted in an e-mail from the prior audit that the fiscal officer was informed that her salary could be allocated but a certification would need to be completed. There were no certifications completed that would allow the salary to be posted to any other fund other than the General Fund.

The Township has failed to post adjustments to the Township records based on the citations in the previous audits. Therefore, the amounts cited in the previous finding for adjustments have accumulated. In accordance with the foregoing facts, a prior finding for adjustment has been issued against Sharon Township General Fund, in the amount of \$8,126 and in favor of the Sharon Township Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$8,126. The Fiscal Officer has not posted this adjustment to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements. The 2017 and 2016 adjustments have not been posted to the Township records and are not reflected in the accompanying financial statements.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-001

We recommend that the Fiscal Officer pay her salary from the General Fund or provide payroll certifications based on the services rendered to support the amount of her salary paid from funds other than the General Fund. In addition, fringe benefits, including payroll taxes and insurance reimbursements, should be allocated in the same proportion as salaries.

Finding Number 2017-002

Prior Finding for Adjustment/Noncompliance Citation/Material Weakness

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

The Township paid fire contracts from the Motor Vehicle License Tax Fund in the amount of \$600 in 2014 and from the Gasoline Tax Fund in the amount of \$600 in 2015. The Motor Vehicle License Tax Fund and the Gasoline Tax Funds are restricted in regards to allowable expenditures. Payment for fire protection services is not an allowable expenditure for the Motor Vehicle License Tax Fund or Gasoline Tax Fund.

The Township paid fire contracts from the Gasoline Tax Fund in the amount of \$600 in 2016. The Gasoline Tax Funds are restricted in regards to allowable expenditures. Payment for fire protection services is not an allowable expenditure for the Gasoline Tax Fund.

In accordance with the foregoing facts, a prior finding for adjustment has been issued in favor of the Sharon Township General Fund, in the amount of \$36 and in favor of the Sharon Township Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$582 and against the Sharon Township Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$18. The Fiscal Officer has not posted these adjustments to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements. The 2016 adjustments have not been posted to the Townships records and are not reflected in the accompanying financial statements.

We recommend the Fiscal Officer follow Ohio Revised Code § 5705.10 (H) prior to making expenditures from funds which have a specific purpose.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-003

Noncompliance/Material Weakness

Ohio Admin. Code § 117-2-02 (A) states that all local public shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.

During 2017 and 2016, the Fiscal Officer posted certain revenue transactions incorrectly as follows:

- Property Tax Rollbacks in the amount of \$2,596 and \$2,465 were incorrectly posted to Miscellaneous Receipts instead of Intergovernmental Receipts for 2017 and 2016, respectively.
- In 2016, Real Estate Tax revenue was incorrectly posted to the Road & Bridge Fund instead of the General Fund. This adjustment is not reflected in the financial statements.
- In 2016, Rollback receipts totaling \$2,591 were incorrectly posted to the Road & Bridge Fund instead of the General Fund. This adjustment is not reflected in the financial statements.
- In 2016, MVL Tax monies in the amount of 794 were incorrectly posted to the General Fund. Gasoline Tax monies in the amount of \$2,640 were incorrectly posted to the General Fund. Permissive MVL monies in the amount of \$52 were incorrectly posted to the General Fund. These adjustment is not reflected in the financial statements.

These errors were due to a lack of management oversight. As a result, these significant adjustments, with which the Township's management agrees, only the reclassification of rollback monies of \$2,596 and \$2,465 were made to the financial statements, and are reflected in the accompanying financial statement.

We recommend the Fiscal Officer refer to Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts.

Finding Number 2017-004

Noncompliance

Ohio Rev. Code § 5705.38 (A) states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Ohio Rev. Code § 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been properly appropriated.

Appropriations for 2017 and 2016 were approved on April 11, 2017 and May 12, 2016, which is beyond the date required for passage, even if temporary appropriations had been approved.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-004 (Continued)

We recommend the Board of Trustees ensure its annual appropriation resolution is passed in a timely manner and file such appropriations with the County Auditor. If the Board of Trustees passes a temporary appropriation measure, the measure should provide detail such as fund, function and amount. Also, the Fiscal Officer should deny requests for payments when appropriations are not available.

Finding Number 2017-005

Noncompliance

Ohio Rev. Code § 5705.41 (D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
3. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-005 (Continued)

Noncompliance (Continued)

4. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the availability of funds prior to purchase commitments for 53% of the expenditures tested in 2017 and 2016, and there was no evidence the Township followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Fiscal Officer certify purchases to which § 5705.41 (D) applies. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41 (D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-006

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2017, estimated receipts as certified by the County Budget Commission did not agree to the Township’s ledgers for the following funds:

	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
Road & Bridge	-	5,618	(5,618)
Permanent	5	-	(5)

At December 31, 2016, estimated receipts as certified by the County Budget Commission did not agree to the Township’s ledgers for the following funds:

	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
General	\$ 30,915	\$ 29,837	\$ 1,078
MVL Tax	9,750	4,432	5,318
Gasoline Tax	87,500	86,722	778
Road & Bridge	-	5,618	(5,618)
Permissive MVL Tax	770	8	762
Permanent	5	-	5

Without information properly entered into the system, the management of the Township lost some degree of budgetary control. This also resulted in audit adjustments to the budgetary note disclosure.

We recommend the Fiscal Officer accurately post estimated receipts as approved by the County Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2017-007

Noncompliance

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

		Estimated			
Fund	Year	Resources		Appropriations	Variance
Gasoline Tax	2016	213,671		247,927	(34,256)
Road & Bridge	2016	4,482		10,100	(5,618)

We recommend the Trustees review estimated resources versus appropriations throughout the year. Also, the Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Officials' Response:

Management declined to respond to any of the aforementioned findings.

**SHARON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	Finding For Adjustment ORC 507.09 (C) Fiscal Officer salary	No	Not Corrected Repeated as Finding 2017-001
2015-002	Finding for Adjustment ORC 5705.10 (H) money paid into fund and its use	No	Not Corrected Repeated as Finding 2017-002
2015-003	Material Weakness Accounting errors	No	Not Corrected Repeated as Finding 2017-003
2015-004	Noncompliance ORC 5705.38 (A) Appopriation measure being passed	No	Not Corrected Repeated as Finding 2017-004
2015-005	Noncompliance ORC 5705.41(D) expenditures without certification	No	Not Corrected Repeated as Finding 2017-005
2015-006	Material Weakness Budgetary accounts not agreeing to approved amounts	No	Not Corrected Repeated as Finding 2017-006
2015-007	Noncompliance ORC 5705.39 Appropriations exceed estimated resources	No	Not Corrected Repeated as Finding 2017-007

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER



SHARON TOWNSHIP

NOBLE 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
JULY 2, 2019**