



Julian & Grube, Inc.

Serving Ohio Local Governments

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Management Letter

Sharon Township
Franklin County
95. E. Wilson Bridge Road
Worthington, Ohio 43085

To the Board of Trustees:

We have audited the financial statements of Sharon Township, Franklin County, Ohio, in accordance with *Government Auditing Standards*, as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated January 7, 2016.

Government Auditing Standards require us to report significant internal control deficiencies and material weaknesses, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated January 7, 2016 for the years ended December 31, 2014 and 2013.

We are also submitting the following comments for your consideration regarding Sharon Township's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* requires. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your government. If you have questions or concerns regarding these comments please do not hesitate to contact us.

Noncompliance Citations
Ohio Revised Code

- (1) Criteria: Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Townships: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services”.
- Condition: The Township’s appropriations for the year ended December 31, 2013 were passed at the fund level instead of at the level of control described above. (Appropriations for the year ended December 31, 2014 were passed at the proper level of control).
- Effect: By not appropriating at the level of control required by the Ohio Revised Code, the Township risks insufficient oversight over expenditures.
- Recommendation: We recommend the Township pass appropriations in accordance with the Ohio Revised Code.
- (2) Criteria: Ohio Administrative Code 117-2-02(C)(1) states that all 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 appropriation balances.
- Condition: The Township’s appropriations approved in the minutes did not agree to the UAN Accounting System appropriations.
- Effect: By not correctly including appropriations into the financial software, it could become challenging for the Township to easily monitor its budgeted activity in comparison with its actual amounts. The Township is also at risk of overspending in excess of available funds, which could possibly result in negative fund balances.
- Recommendation: We recommend that approved appropriation modifications as evidenced within the Board of Trustees’ minutes be incorporated into the UAN system by the Fiscal Officer in a timely manner. This will aid the Board of Trustees and Fiscal Officer in their review of disbursements versus appropriations and help ensure appropriations are in place prior to disbursements.
- (3) Criteria: Ohio Revised Code Sections 109.43(B) and 149(E)(1) requires all state and local elected officials or their designees to attend at least three hours of training on Ohio’s Public Records Laws during each term of office.
- Condition: One of the Township’s Trustees did not attend or designate an attendee during this term.

Effect: By not attending Public Records Training, the Township risks not timely or properly responding to Public Records requests from citizens.

Recommendation: We recommend that all elected officials attend Public Records Training or designate an attendee on their behalf for each term of office.

Recommendations

Cafeteria Plan

The Township provides benefits to officials and employees under a cafeteria plan that meets the requirements of section 125 of the Internal Revenue Code. By using this plan, Township officials and employees can pay their share of health insurance premiums using pretax dollars. Because the plan has existed for some time, the Township was unable to locate any documentation related to the creation of this plan or its approval by the IRS. We recommend the Township attempt to locate the documentation or consult with legal counsel and/or the IRS in order to obtain new documents.

Taxable Fringe Benefits

Clothing purchased by an employer for an employee is taxable income to the employee if the clothing can be used outside of work. We noted the Township purchased boots and jeans for the code enforcement director during the audit period, and these amounts were not included in his W-2. The amount appears to be immaterial, however, by not including these amounts, the Township risks noncompliance with the Internal Revenue Code and additional tax liabilities for employees. We recommend that in the future, all taxable fringe benefits are added to employee W-2s.

These comments are intended solely for the information and use of the Trustees and management of Sharon Township, Ohio, and are not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
January 7, 2016