

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Sugar Creek Township
2090 Ferry Rd
Bellbrook, OH 45305-8905

We have reviewed the *Independent Auditor's Report* of Sugar Creek Township, Greene County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. 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.

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. Sugar Creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 27, 2024

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**SUGARCREEK TOWNSHIP
GREENE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Sugarcreek Township
Greene County
2090 Ferry Road
Bellbrook, Ohio 45305

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Sugarcreek Township, Greene County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

May 31, 2024

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 386,787	\$ 6,132,667	\$ -	\$ 6,519,454
Charges for Services	-	286,185	-	286,185
Licenses, Permits and Fees	134,795	4,110	-	138,905
Fines and Forfeitures	12,226	1,645	-	13,871
Intergovernmental	128,683	1,006,385	-	1,135,068
Earnings on Investments	135,428	23,287	-	158,715
Miscellaneous	14,539	113,794	-	128,333
<i>Total Cash Receipts</i>	<u>812,458</u>	<u>7,568,073</u>	<u>-</u>	<u>8,380,531</u>
Cash Disbursements				
Current:				
General Government	776,825	422,857	-	1,199,682
Public Safety	-	6,127,264	-	6,127,264
Public Works	-	733,467	-	733,467
Capital Outlay	-	297,479	-	297,479
Debt Service:				
Principal Retirement	-	211,566	409,086	620,652
Interest and Fiscal Charges	-	34,419	7,374	41,793
<i>Total Cash Disbursements</i>	<u>776,825</u>	<u>7,827,052</u>	<u>416,460</u>	<u>9,020,337</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,633</u>	<u>(258,979)</u>	<u>(416,460)</u>	<u>(639,806)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	141,036	-	141,036
Sale of Capital Assets	509,395	11,428	-	520,823
Transfers In	-	-	392,374	392,374
Transfers Out	-	(392,374)	-	(392,374)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>509,395</u>	<u>(239,910)</u>	<u>392,374</u>	<u>661,859</u>
<i>Net Change in Fund Cash Balances</i>	545,028	(498,889)	(24,086)	22,053
<i>Fund Cash Balances, January 1</i>	<u>621,819</u>	<u>4,484,822</u>	<u>151,454</u>	<u>5,258,095</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,166,847</u>	<u>\$ 3,985,933</u>	<u>\$ 127,368</u>	<u>\$ 5,280,148</u>

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

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sugarcreek Township, Greene County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

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:

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

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives motor vehicle license tax restricted for maintenance and repair of roads within the Township.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Police District Fund The police district fund receives property tax money for providing law enforcement services within the Township.

Fire District Fund The fire district fund receives property tax money for providing fire and rescue services within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Anticipation Note Fund The bond anticipation note fund accounts for and reports resources restricted for the retirement of debt issued to finance road projects within the Township.

General Bond Retirement Fund The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance long term debt for the Township's public safety building.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

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

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 625,000	\$ 1,321,853	\$ 696,853
Special Revenue	7,397,744	7,720,537	322,793
Debt Service	392,374	392,374	-
Total	\$ 8,415,118	\$ 9,434,764	\$ 1,019,646

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 826,511	\$ 783,060	\$ 43,451
Special Revenue	9,738,907	8,288,486	1,450,421
Debt Service	416,474	416,460	14
Total	\$ 10,981,892	\$ 9,488,006	\$ 1,493,886

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2023
Cash Management Pool:	
Demand deposits	\$ 5,280,148
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$ 5,280,148</i>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$49,269 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Property Taxes

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

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.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$ 32,288,098
Actuarial liabilities	\$ 9,146,434

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS-Local members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS-Law Enforcement members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2023.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC Clio Road Phase II	\$ 518,504	0.0%
OPWC Brown Road Improvement	450,000	0.0%
John Deere Utility Tractor Lease	49,954	5.95%
Fire Engine Lease Purchase	160,009	2.99%
Medic Vehicle/Ambulance	49,656	3.99%
Ladder Truck Lease Purchase	299,825	2.44%
Police Car # 1	47,012	5.99%
Police Car # 2	47,012	5.99%
Fire Car	47,012	5.99%
Total	<u>\$ 1,668,984</u>	

In September 2016, the Township refinanced and retired \$1,030,000 in 2005 General Purpose Refunding and Improvement Bonds by issuing \$1,070,000 in 2016 Building Improvement Limited Tax General Obligation Refunding Bonds. The 2016 refunding bonds resulted in savings of \$153,641. This loan was paid off in December 2023.

In 2016, the Township borrowed \$722,600 from Ohio Public Works Commission for improvements to Clio Road. The loan will mature in January 2046 and bears no interest rate.

During 2018, the Township entered into an agreement to borrow \$500,000 from the Ohio Public Works Commission for improvements to Brown Road. The loan will mature in January 2050 and bears no interest rate.

Financed Purchases

In 2019, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation to purchase an ambulance. The lease bears an interest rate of 3.99% and matures on March 15, 2024.

On December 15, 2016, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation for purchase of one new Sutphen customer pumper with equipment. The lease bears an interest rate of 2.99% and matures on December 15, 2026.

On April 15, 2022, the Township entered into a master lease purchase agreement with Republic First National Corporation for purchase of a new Sutphen ladder fire truck. The lease bears an interest rate of 2.443% and matures on April 15, 2031.

On October 3, 2022, the Township entered into a master lease purchase agreement with Republic First National Corporation for purchase of a new John Deere tractor. The lease bears an interest rate of 5.95% and matures on October 3, 2027.

On December 8, 2023, the Township entered into a master lease purchase agreement with Republic First National Corporation for the purchase of 3 new vehicles. The lease bears an interest rate of 5.99% and matures on December 15, 2028.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	Leases	OPWC Loans
2024	\$ 262,830	\$ 40,754
2025	211,198	40,754
2026	211,197	40,754
2027	88,984	40,754
2028	33,510	40,754
2029-2033	-	203,766
2034-2038	-	203,766
2039-2043	-	203,766
2044-2048	-	120,104
2049-2053	-	33,332
Total	\$ 807,719	\$ 968,504

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April of 2023. During 2023, the Township received COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 6,235	\$ 69,060	\$ 75,295
Total	\$ 6,235	\$ 69,060	\$ 75,295

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Fund Balances Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 374,592	\$ 5,907,668	\$ -	\$ 6,282,260
Charges for Services	-	236,578	-	236,578
Licenses, Permits and Fees	173,826	4,460	-	178,286
Fines and Forfeitures	12,213	1,153	-	13,366
Intergovernmental	136,034	1,292,850	-	1,428,884
Earnings on Investments	1,554	379	-	1,933
Miscellaneous	18,852	85,915	-	104,767
<i>Total Cash Receipts</i>	<u>717,071</u>	<u>7,529,003</u>	<u>-</u>	<u>8,246,074</u>
Cash Disbursements				
Current:				
General Government	791,910	155,995	-	947,905
Public Safety	-	5,992,866	-	5,992,866
Public Works	-	1,261,455	-	1,261,455
Capital Outlay	-	132,617	-	132,617
Debt Service:				
Principal Retirement	-	733,540	144,087	877,627
Interest and Fiscal Charges	-	38,038	9,207	47,245
<i>Total Cash Disbursements</i>	<u>791,910</u>	<u>8,314,511</u>	<u>153,294</u>	<u>9,259,715</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(74,839)</u>	<u>(785,508)</u>	<u>(153,294)</u>	<u>(1,013,641)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	60,834	-	60,834
Sale of Capital Assets	-	528,911	-	528,911
Transfers In	-	100,000	129,207	229,207
Transfers Out	(50,000)	(179,207)	-	(229,207)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>510,538</u>	<u>129,207</u>	<u>589,745</u>
<i>Net Change in Fund Cash Balances</i>	(124,839)	(274,970)	(24,087)	(423,896)
<i>Fund Cash Balances, January 1</i>	<u>746,658</u>	<u>4,759,792</u>	<u>175,541</u>	<u>5,681,991</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 621,819</u>	<u>\$ 4,484,822</u>	<u>\$ 151,454</u>	<u>\$ 5,258,095</u>

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

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sugarcreek Township, Greene County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

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:

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

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives motor vehicle license tax restricted for maintenance and repair of roads within the Township.

Police District Fund The police district fund receives property tax money for providing law enforcement services within the Township.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fire District Fund The fire district fund receives property tax money for providing fire and rescue services within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Anticipation Note Fund The bond anticipation note fund accounts for and reports resources restricted for the retirement of debt issued to finance road projects within the Township.

General Bond Retirement Fund The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance long term debt for the Township's public safety building.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

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

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 637,916	\$ 717,071	\$ 79,155
Special Revenue	7,384,081	8,218,748	834,667
Debt Service	129,207	129,207	-
Total	\$ 8,151,204	\$ 9,065,026	\$ 913,822

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 870,433	\$ 847,771	\$ 22,662
Special Revenue	9,522,686	8,560,498	962,188
Debt Service	153,307	153,294	13
Total	\$ 10,546,426	\$ 9,561,563	\$ 984,863

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$ 5,258,095
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$ 5,258,095

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

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

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

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Property Taxes (Continued)

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS-Local members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS-Law Enforcement members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2022.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 385,000	1-2%
OPWC Clyo Road Phase II	542,591	0.0%
OPWC Brown Road Improvement	466,667	0.0%
John Deere Utility Tractor Lease	60,834	5.95%
Fire Engine Lease Purchase	210,283	2.99%
Medic Vehicle/Ambulance	97,413	3.99%
Ladder Truck Lease Purchase	385,814	2.443%
Total	\$ 2,148,602	

In September 2016, the Township refinanced and retired \$1,030,000 in 2005 General Purpose Refunding and Improvement Bonds by issuing \$1,070,000 in 2016 Building Improvement Limited Tax General Obligation Refunding Bonds. The 2016 refunding bonds resulted in savings of \$153,641 and will mature in 2025.

In 2016, the Township borrowed \$722,600 from Ohio Public Works Commission for improvements to Clyo Road. The loan will mature in January 2046 and bears no interest rate.

During 2018, the Township entered into an agreement to borrow \$500,000 from the Ohio Public Works Commission for improvements to Brown Road. The loan will mature in January 2050 and bears no interest rate.

Financed Purchases

On October 24, 2017, the Township signed a lease agreement with PS&W Holding company for acquisition of an extension of Center Point Drive. The project includes the construction of three lanes of pavement with curb and gutter, extension of water main with hydrants, walking trail and sidewalks. The lease carries an interest rate of 2.41% and matures on December 1, 2022. This lease was paid off in 2022.

In 2019, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation to purchase an ambulance. The lease bears an interest rate of 3.99% and matures on March 15, 2024.

On December 15, 2016, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation for purchase of one new Sutphen customer pumper with equipment. The lease bears an interest rate of 2.99% and matures on December 15, 2026.

On April 15, 2022, the Township entered into a master lease purchase agreement with Republic First National Corporation for purchase of a new Sutphen ladder fire truck. The lease bears an interest rate of 2.443% and matures on April 15, 2031.

On October 3, 2022, the Township entered into a master lease purchase agreement with Republic First National Corporation for purchase of a new John Deere tractor. The lease bears an interest rate of 5.95% and matures on October 3, 2027.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2023	\$ 229,320	\$ 132,275	\$ 40,754
2024	229,319	130,075	40,754
2025	177,688	137,700	40,754
2026	177,687	-	40,754
2027	55,474	-	40,754
2028-2032	-	-	203,766
2033-2037	-	-	203,766
2038-2042	-	-	203,766
2043-2047	-	-	144,190
2048-2052	-	-	50,000
Total	\$ 869,488	\$ 400,050	\$ 1,009,258

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 5,861	\$ 66,780	\$ 72,641
Total	\$ 5,861	\$ 66,780	\$ 72,641

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

Sugarcreek Township
Greene County
2090 Ferry Road
Bellbrook, Ohio 45305

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Sugarcreek Township, Greene County, (the Township) and have issued our report thereon dated May 31, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

May 31, 2024

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

MATERIAL WEAKNESS

Financial Statement Misstatements – Debt Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to lack of adequate controls over the preparation of the financial statements, the following errors were noted in the Township's financial statements that were material and have been adjusted in the accompanying financial statements:

- In 2022, The Township failed to properly record the initial lease-purchase agreement for a John Deere Tractor. As a result, the Road & Bridge Special Revenue Fund capital outlay disbursements and other debt proceeds were both understated by \$60,834.
- In 2023, The Township failed to properly record the initial lease-purchase agreement for two Police Department vehicles and one Fire Department vehicle. As a result, the Police District Special Revenue Fund and the Fire District Special Revenue Fund capital outlay disbursements and other debt proceeds were both understated by \$94,024 and \$47,012, respectively.
- In 2022, The Township improperly classified principal and interest debt service payments as public works, capital outlay, and other financing uses disbursements in Special Revenue Funds. As a result, public works and other financing uses disbursements were overstated by \$16,666 and \$71,687, respectively, and principal retirement and interest and fiscal charges debt service disbursements were understated by \$86,666 and \$1,687, respectively, in the Road and Bridge Fund. Additionally, capital outlay disbursements were overstated by \$631,592 and principal retirement and interest and fiscal charges debt service disbursements were understated by \$600,943 and \$30,649, respectively, in the Fire District Fund; and capital outlay disbursements were overstated by \$51,632 and principal retirement and interest and fiscal charges debt service disbursements were understated by \$45,930 and \$5,702, respectively, in the Ambulance and Emergency Medical Fund.
- In 2023, The Township improperly classified principal and interest debt service payments as public works and capital outlay in Special Revenue Funds. As a result, public works was overstated by \$30,950, and principal retirement and interest and fiscal charges debt service disbursements were understated by \$ 27,546 and \$3,404, respectively, in the Road and Bridge Fund. Additionally, capital outlay disbursements were overstated by \$108,183 and principal retirement and interest and fiscal charges debt service disbursements were understated by \$98,031 and \$10,152, respectively, in the Fire District Fund; and capital outlay disbursements were overstated by \$106,853 and principal retirement and interest and fiscal charges debt service disbursements were understated by \$85,989 and \$20,864, respectively, in the Centerville Fire Ancillary Fund.

SUGARCREEK TOWNSHIP
GREENE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2023-001 (CONTINUED)

Financial Statement Misstatements - Debt Reporting (Continued)

The Township should establish and implement policies and procedures to verify that all receipts and disbursements are posted in the proper fund and account. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials Response:

I am now aware of the issues and have addressed all fiscal office personnel. In looking back over the last 20 years, the recording of our debt and our debt payments have been very inconsistent. The steps suggested will be followed.

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Elected Officials Certification	Partially Corrected	Moved to Management Letter
2021-002	Fiscal Officer Overpayment	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



SUGARCREEK TOWNSHIP

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/10/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov