



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Sugarcreek Township  
Stark County  
12812 Navarre Road SW  
Beach City, Ohio 44608

To the Board of Trustees:

We have audited the accompanying financial statements of Sugarcreek Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**Jim Petro**  
Auditor of State

May 11, 2001

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**SUGARCREEK TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$25,730	\$225,906	\$0	\$251,636
Intergovernmental	90,148	93,455		183,603
Special Assessments		3,519		3,519
Interest	2,078	299		2,377
Other	11,191			11,191
				<hr/>
Total Cash Receipts	129,147	323,179	0	452,326
				<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	91,429			91,429
Public Safety		106,500		106,500
Public Works		197,687		197,687
Capital Outlay	48,136	23,255		71,391
				<hr/>
Total Cash Disbursements	139,565	327,442	0	467,007
				<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(10,418)	(4,263)	0	(14,681)
				<hr/>
Fund Cash Balances, January 1	37,679	119,355	73	157,107
				<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$27,261</b>	<b>\$115,092</b>	<b>\$73</b>	<b>\$142,426</b>
				<hr/>
Reserve for Encumbrances, December 31	\$643	\$7,829	\$0	\$8,472
				<hr/>

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

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$22,039	\$227,984	\$0	\$250,023
Intergovernmental	66,529	92,630		159,159
Special Assessments		3,689		3,689
Interest	1,644	302		1,946
Other	1,005	1,780		2,785
	<u>91,217</u>	<u>326,385</u>	<u>0</u>	<u>417,602</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	68,764			68,764
Public Safety		98,400		98,400
Public Works	1,001	181,386		182,387
Capital Outlay	16,466			16,466
	<u>86,231</u>	<u>279,786</u>	<u>0</u>	<u>366,017</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over Cash Disbursements	4,986	46,599	0	51,585
Fund Cash Balances, January 1	32,693	72,756	73	105,522
<b>Fund Cash Balances, December 31</b>	<u><b>\$37,679</b></u>	<u><b>\$119,355</b></u>	<u><b>\$73</b></u>	<u><b>\$157,107</b></u>
Reserve for Encumbrances, December 31	<u>\$4,214</u>	<u>\$5,981</u>	<u>\$0</u>	<u>\$10,195</u>

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



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sugarcreek Township, Stark County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including maintenance of Township roads and fire protection and emergency medical services for its residents. Police protection is provided by the Stark County Sheriff's Department under an annual contract.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

All cash is maintained in a checking account. The Township has no investments.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**2. Special Revenue Funds**

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

Gasoline Tax Fund - This fund receives gasoline tax receipts for maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax receipts for constructing, maintaining and repairing Township roads and bridges.

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Road District Fund - This fund receives taxes from a voted levy for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives tax receipts for Township fire protection.

**3. Debt Service Fund**

The Debt Service fund was used to account for the accumulation of resources for the payment of note indebtedness.

**E. Budgetary Process**

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$142,426</u>	<u>\$157,107</u>

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,564	\$129,147	(\$3,417)
Special Revenue	323,921	323,179	(742)
Debt Service	0	0	0
Capital Projects	60,000	0	(60,000)
Total	<u>\$516,485</u>	<u>\$452,326</u>	<u>(\$64,159)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,028	\$140,208	\$25,820
Special Revenue	437,295	335,271	102,024
Debt Service	73	0	73
Capital Projects	60,000	0	60,000
Total	<u>\$663,396</u>	<u>\$475,479</u>	<u>\$187,917</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,586	\$91,217	(\$43,369)
Special Revenue	311,757	326,385	14,628
Debt Service	0	0	0
Capital Projects	60,000	0	(60,000)
Total	<u>\$506,343</u>	<u>\$417,602</u>	<u>(\$88,741)</u>

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,663	\$90,445	\$76,218
Special Revenue	383,270	285,767	97,503
Debt Service	73	0	73
Capital Projects	60,000	0	60,000
Total	\$610,006	\$376,212	\$233,794

**4. PROPERTY TAX**

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

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's full-time employees belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries in 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance through Whitaker-Myers Insurance Agency for the following risks:

- Comprehensive general, governmental medical service, public officials errors and omissions, employee benefits, and automobile liability
- Property (fleet) coverage
- Property (buildings/contents) coverage
- Inland marine coverage

The Township also provides health and dental insurance through Medical Mutual of Ohio and Delta Dental, respectively.

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

Sugarcreek Township  
Stark County  
12812 Navarre Road SW  
Beach City, Ohio 44608

To the Board of Trustees:

We have audited the accompanying financial statements of Sugarcreek Township, Stark County, Ohio, (the Township) as of and for the year ended December 31, 2000 and 1999, and have issued our report thereon dated May 11, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 11, 2001.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 11, 2001.

Sugarcreek Township  
Stark County  
Report of Independent Accountants on Compliance and on  
Internal Control Required By *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

May 11, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SUGARCREEK TOWNSHIP**

**STARK 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  
JUNE 12, 2001**