

**SUGARCREEK TOWNSHIP**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2001 AND DECEMBER 31, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Sugar creek Township  
225 Rhine Street  
Sugar creek, Ohio 44681

We have reviewed the Independent Auditor's Report of Sugar creek Township, Tuscarawas County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 10, 2002

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**SUGARCREEK TOWNSHIP  
FOR THE YEARS ENDED  
DECEMBER 31, 2001 AND DECEMBER 31, 2000**

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**SUGARCREEK TOWNSHIP**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2001**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Theodore K. Miller	Trustee	01/01/00-12/31/04	(B)	\$2,000	01/01/00-12/31/04
David P. Shutt	Trustee	01/01/98-12/31/01	(A)	\$1,000	01/01/98-12/31/01
Tyrone Hershberger	Trustee	01/01/98-12/31/01	(A)	\$1,000	01/01/98-12/31/01
L. Stanley Gerber	Clerk	04/01/00-03/31/04	(B)	\$4,000	04/01/00-03/31/04

(A) Personal Service Insurance Company

(B) Ohio Township Association Risk Management Authority

**STATUTORY LEGAL COUNSEL**

Mr. Michael A. Cochran  
Assistant Prosecuting Attorney  
Tuscarawas County Courthouse  
New Philadelphia, OH 44663

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Sugar creek Township, Tuscarawas County  
225 Rhine Street  
Sugar creek, OH 44681

We have audited the accompanying financial statements of Sugar creek Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described 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 accounting principles generally accepted in the United States of America.

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, 2001 and December 31, 2000, 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 June 27, 2002 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "G B Fink", written in a cursive style.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

June 27, 2002



**Sugarcreek Township**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Cash Receipts			
Property Taxes	\$63,814	\$136,887	\$200,701
Licenses, Permits and Fees	0	5,685	5,685
Intergovernmental Receipts	57,660	81,462	139,122
Interest	2,082	187	2,269
All Other Receipts	4,594	9,562	14,156
	<u>128,150</u>	<u>233,783</u>	<u>361,933</u>
 Cash Disbursements			
General Government	79,712	0	79,712
Public Safety	728	48,000	48,728
Public Works	40,469	158,207	198,676
Health	0	15,742	15,742
Capital Outlay	20,712	14,400	35,112
	<u>141,621</u>	<u>236,349</u>	<u>377,970</u>
 Total Receipts (Under) Disbursements	(13,471)	(2,566)	(16,037)
 Fund Cash Balances, January 1, 2001	<u>31,155</u>	<u>72,080</u>	<u>103,235</u>
 Fund Cash Balances, December 31, 2001	<u>\$17,684</u>	<u>\$69,514</u>	<u>\$87,198</u>
 Reserve for Encumbrances, December 31, 2001	<u>\$51</u>	<u>\$126</u>	<u>\$177</u>

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

**Sugarcreek Township  
Statement of Cash Receipts, Cash Disbursements and  
Changes in Fund Cash Balance - Fiduciary Fund Type  
For the Year Ended December 31, 2001**

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	<u>Non- Expendable Trust</u>
Operating Cash Receipts	
Interest	<u>\$40</u>
Operating Cash Disbursements	<u>0</u>
Total Receipts Over Disbursements	40
Fund Cash Balances, January 1, 2001	<u>2,372</u>
Fund Cash Balances, December 31, 2001	<u><u>\$2,412</u></u>
Reserve for Encumbrances, December 31, 2001	<u><u>\$0</u></u>

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

**Sugarcreek Township**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2000**

	General	Special Revenue	Debt Service	Total (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$59,746	\$121,628	\$19,251	\$200,625
Licenses, Permits and Fees	10	8,850	0	8,860
Intergovernmental Receipts	53,864	64,240	0	118,104
Interest	2,241	579	0	2,820
All Other Receipts	110	12,028	0	12,138
<b>Total Cash Receipts</b>	<b>115,971</b>	<b>207,325</b>	<b>19,251</b>	<b>342,547</b>
<b>Cash Disbursements</b>				
General Government	84,824	0	0	84,824
Public Safety	0	32,400	0	32,400
Public Works	10,000	171,538	0	181,538
Health	0	21,204	0	21,204
Capital Outlay	22,000	19,975	0	41,975
Debt Service:				
Principal	0	0	18,200	18,200
Interest and Fiscal Charges	0	0	1,051	1,051
<b>Total Cash Disbursements</b>	<b>116,824</b>	<b>245,117</b>	<b>19,251</b>	<b>381,192</b>
<b>Total Receipts (Under) Disbursements</b>	<b>(853)</b>	<b>(37,792)</b>	<b>0</b>	<b>(38,645)</b>
Fund Cash Balances, January 1, 2000	32,008	109,872	0	141,880
Fund Cash Balances, December 31, 2000	<u>\$31,155</u>	<u>\$72,080</u>	<u>\$0</u>	<u>\$103,235</u>
Reserve for Encumbrances, December 31, 2000	<u>\$176</u>	<u>\$17</u>	<u>\$0</u>	<u>\$193</u>

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

**Sugarcreek Township**  
**Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balance - Fiduciary Fund Type**  
**For the Year Ended December 31, 2000**

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	Non- Expendable Trust
Operating Cash Receipts	
Interest	<u>\$47</u>
Operating Cash Disbursements	<u>0</u>
Total Receipts Over Disbursements	47
Fund Cash Balances, January 1, 2000	<u>2,325</u>
Fund Cash Balances, December 31, 2000	<u><u>\$2,372</u></u>
Reserve for Encumbrances, December 31, 2000	<u><u>\$0</u></u>

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Sugarcreek Township, (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. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a 1.8 mil levy for the Sugarcreek Volunteer Fire Department to provide fire protection to the residents of the Township.

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 (ie., when an encumbrance is approved).

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

C. 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:

**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.

**Special Revenue Funds** - These funds are used to account for proceeds from specific sources that are legally restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Motor Vehicle License Tax Fund** - This fund receives motor vehicle taxes for constructing, maintaining and repairing Township roads.

**Gasoline Tax Fund** - This fund receives gasoline taxes for maintaining and repairing Township roads.

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

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

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

Fire District Fund - This fund receives property taxes to provide fire and ambulance service to the Township.

Cemetery Fund - This fund receives property taxes for operating and maintaining Township cemeteries.

**Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**Fiduciary Fund** - A trust fund is used to account for resources restricted by a legally binding trust agreement. The Township has a cemetery bequest fund. The agreement requires the Township to maintain the corpus of the trust so the fund is classified as a non-expendable trust fund. The interest earned on the fund balance is used for cemetery maintenance.

D. Budgetary Process

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

**Appropriations** - Budgetary expenditures (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.

**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.

**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 2001 and 2000 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

2. **EQUITY IN POOLED CASH**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of the Township's deposits at December 31, 2001 was \$89,610 and at December 31, 2000 was \$105,607. Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized held in the name of Sugarcreek Township by the financial institution.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 was as follows:

2001 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$113,238	\$128,150	\$14,912
Special Revenue	224,238	233,783	9,545
Non-Expendable Trust	54	40	(14)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$337,530</u>	<u>\$361,973</u>	<u>\$24,443</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$144,217	\$141,672	\$2,545
Special Revenue	296,308	236,475	59,833
Non-Expendable Trust	2,426	0	2,426
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$442,951</u>	<u>\$378,147</u>	<u>\$64,804</u>

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

3. **BUDGETARY ACTIVITY** (continued)

2000 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,609	\$115,971	\$6,362
Special Revenue	210,064	207,325	(2,739)
Debt Service	0	19,251	19,251
Non-Expendable Trust	101	47	(54)
Total	<u>\$319,774</u>	<u>\$342,594</u>	<u>\$22,820</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,498	\$117,000	\$19,498
Special Revenue	305,851	245,134	60,717
Debt Service	19,251	19,251	0
Non-Expendable Trust	2,425	0	2,425
Total	<u>\$464,025</u>	<u>\$381,385</u>	<u>\$82,640</u>

4. **DEBT**

The Township made the final payment on a commercial loan note in September, 2000. No additional debt has been incurred by the Township.

5. **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.



SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

5. **PROPERTY TAX** (continued)

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

Tangible personal property tax is assessed to 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.

6. **RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio, PERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215 or by calling (614)466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. For 2001 the Township contributed on an amount equal to 13.55% of participants' gross salaries. In 2000 PERS instituted a temporary employer contribution rate rollback of 20%. The employer contribution was 10.84% of covered payroll. The Township has paid all contributions required through December 31, 2001.

7. **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The Township has addressed these various types of risk by entering into an agreement with the Ohio Township Association Risk Management Authority.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Sugarcreek Township, Tuscarawas County  
225 Rhine Street  
Sugarcreek, OH 44681

We have audited the financial statements of Sugarcreek Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 27, 2002. We conducted our audit 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.

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 and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated June 27, 2002

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** (continued)

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

June 27, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**SUGARCREEK TOWNSHIP**

**TUSCARAWAS 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  
AUGUST 6, 2002**