



**Auditor of State
Betty Montgomery**

**SUGARCREEK TOWNSHIP
STARK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Sugarcreek Township
Stark County
P.O. Box 432
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, 2002 and 2001. 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 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, 2002 and 2001, 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 July 2, 2003 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 audit.

Sugarcreek Township
Stark County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 2, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$30,970	\$240,501		\$271,471
Intergovernmental	97,509	99,369	\$92,975	289,853
Special Assessments		3,599		3,599
Earnings on Investments	1,514	150		1,664
Other Revenue	6,306	688		6,994
	<u>136,299</u>	<u>344,307</u>	<u>92,975</u>	<u>573,581</u>
Cash Disbursements:				
Current:				
General Government	98,634			98,634
Public Safety		104,200		104,200
Public Works	414	312,706		313,120
Capital Outlay	81		92,975	93,056
	<u>99,129</u>	<u>416,906</u>	<u>92,975</u>	<u>609,010</u>
Total Receipts Over/(Under) Disbursements	<u>37,170</u>	<u>(72,599)</u>	<u>0</u>	<u>(35,429)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	37,170	(72,599)	0	(35,429)
Fund Cash Balances, January 1	<u>23,906</u>	<u>150,757</u>		<u>174,663</u>
Fund Cash Balances, December 31	<u>\$61,076</u>	<u>\$78,158</u>	<u>\$0</u>	<u>\$139,234</u>
Reserve for Encumbrances, December 31	<u>\$38,533</u>	<u>\$3,030</u>	<u>\$14,315</u>	<u>\$55,878</u>

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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$31,141	\$238,018	\$0		\$269,159
Intergovernmental	112,071			\$6,352	118,423
Licenses, Permits, and Fees		94,610			94,610
Fines, Forfeitures, and Penalties		3,988			3,988
Earnings on Investments	2,295	241			2,536
Other Revenue	2,631	540			3,171
Total Cash Receipts	<u>148,138</u>	<u>337,397</u>	<u>0</u>	<u>6,352</u>	<u>491,887</u>
Cash Disbursements:					
Current:					
General Government	115,720				115,720
Public Safety		102,370			102,370
Public Works	32,974	198,692			231,666
Other				6,352	6,352
Debt Service:					
Interest and Fiscal Charges			73		73
Capital Outlay	2,798	670			3,468
Total Cash Disbursements	<u>151,492</u>	<u>301,732</u>	<u>73</u>	<u>6,352</u>	<u>459,649</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(3,354)	35,665	(73)	0	32,238
Fund Cash Balances, January 1	27,260	115,092	73	0	142,425
Fund Cash Balances, December 31	<u>\$23,906</u>	<u>\$150,757</u>	<u>\$0</u>	<u>\$0</u>	<u>\$174,663</u>
Reserve for Encumbrances, December 31	<u>\$3,084</u>	<u>\$32,413</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35,497</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sugarcreek Township, Stark County, (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 road and bridge maintenance and cemetery maintenance. Fire protection and emergency medical services are provided by Wilmot Fire and Rescue, the Village of Beach City, and the Village of Brewster through a two-year agreement with the Township. In addition, the Township has an annual contract with the Stark County Sheriff's Department for police protection services.

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 had 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 to be accounted for in another fund.

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 has the following significant Special Revenue Funds:

Road and Bridge Fund - This fund is used to account for property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund is used to account for gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund is used to account for property tax money for operation of the fire protection services and purchase of fire department equipment.

**SUGARCREEK TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Agency Fund)

This fund is used to account for funds for which the Township is acting in an agency capacity. This fund accounts for Bethlehem Township's portion of matching costs for the Crestline Project.

E. Budgetary Process

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

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 the appropriation measure 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**SUGARCREEK TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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:

	2002	2001
Demand deposits	\$139,234	\$174,663

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,890	\$136,299	\$6,409
Special Revenue	339,141	344,307	5,166
Capital Projects	107,315	92,975	(14,340)
Total	\$576,346	\$573,581	(\$2,765)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,185	\$137,662	\$24,523
Special Revenue	446,012	419,936	26,076
Capital Projects	107,315	107,290	25
Total	\$715,512	\$664,888	\$50,624

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$152,515	\$148,138	(\$4,377)
Special Revenue	337,093	337,397	304
Debt Service	0	0	0
Capital Projects	60,000	0	(60,000)
Total	\$549,608	\$485,535	(\$64,073)

**SUGARCREEK TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,132	\$154,576	\$12,556
Special Revenue	445,856	334,145	111,711
Debt Service	0	73	(73)
Capital Projects	60,000	0	60,000
Total	\$672,988	\$488,794	\$184,194

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.

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

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan") an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**SUGARCREEK TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT (Continued)

The Plan uses conventional insurance coverage and reinsures this coverage at 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health and dental insurance to employees through private insurance agencies.

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**Auditor of State
Betty Montgomery**

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

Sugarcreek Township
Stark County
P.O. Box 432
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, 2002 and 2001, and have issued our report thereon dated July 2, 2003. 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, contracts and grants, 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 instance of non-compliance that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 2, 2003.

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 operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 2, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 2, 2003



**Auditor of State
Betty Montgomery**

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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
AUGUST 14, 2003**