



**Auditor of State
Betty Montgomery**

VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sugarcreek
Tuscarawas County
410 South Broadway
Sugarcreek, Ohio 44681

To the Village Council:

We have audited the accompanying financial statements of the Village of Sugarcreek, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village'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 Village 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 Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 4, the Village restated certain fund balances effective January 1, 2002 as a result of eliminating the Expendable Trust Income Tax Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2004 on our consideration of the Village'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.

Village of Sugarcreek
Tuscarawas County
Independent Accountants' Report
Page 2

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

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Betty Montgomery
Auditor of State

May 17, 2004

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$649,082	\$377,987	\$1,027,069
Intergovernmental Receipts	230,428	138,666	369,094
Charges for Services	54,784		54,784
Fines, Licenses, and Permits	5,771	125	5,896
Earnings on Investments	19,500	451	19,951
Miscellaneous	15,633	1,196	16,829
	<u>975,198</u>	<u>518,425</u>	<u>1,493,623</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	354,758		354,758
Public Health Services	2,779	20,140	22,919
Leisure Time Activities	12,832		12,832
Community Environment	6,578		6,578
Basic Utility Services	92,535		92,535
Transportation	3,149	223,848	226,997
General Government	302,936	2,506	305,442
Debt Service:			
Principal/Interest		366,325	366,325
Capital Outlay	109,482	188,962	298,444
	<u>885,049</u>	<u>801,781</u>	<u>1,686,830</u>
Total Receipts Over/(Under) Disbursements	<u>90,149</u>	<u>(283,356)</u>	<u>(193,207)</u>
Other Financing Receipts:			
Sale of Notes		307,000	307,000
Sale of Fixed Assets	1,000		1,000
	<u>1,000</u>	<u>307,000</u>	<u>308,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	91,149	23,644	114,793
Fund Cash Balances, January 1	<u>313,954</u>	<u>172,504</u>	<u>486,458</u>
Fund Cash Balances, December 31	<u>\$405,103</u>	<u>\$196,148</u>	<u>\$601,251</u>
Reserves for Encumbrances, December 31	<u>\$28,370</u>	<u>\$4,584</u>	<u>\$32,954</u>

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

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$627,125	\$365,685	\$992,810
Intergovernmental Receipts	190,192	94,525	284,717
Charges for Services	27,790		27,790
Fines, Licenses, and Permits	7,722	100	7,822
Earnings on Investments	29,977	2,131	32,108
Miscellaneous	16,871	622	17,493
	<u>899,677</u>	<u>463,063</u>	<u>1,362,740</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	344,206		344,206
Public Health Services	2,804	19,365	22,169
Leisure Time Activities	13,290		13,290
Community Environment	10,627		10,627
Basic Utility Services	89,964		89,964
Transportation	48,514	217,091	265,605
General Government	337,515	790	338,305
Debt Service:			
Principal/Interest		303,353	303,353
Capital Outlay	127,321	131,209	258,530
	<u>974,241</u>	<u>671,808</u>	<u>1,646,049</u>
Total Receipts (Under) Disbursements	<u>(74,564)</u>	<u>(208,745)</u>	<u>(283,309)</u>
Other Financing Receipts:			
Sale of Bonds or Notes	40,000	296,500	336,500
Sale of Fixed Assets	3,967		3,967
Total Other Financing Receipts	<u>43,967</u>	<u>296,500</u>	<u>340,467</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(30,597)	87,755	57,158
Fund Cash Balances, January 1 (Restated See Note 4)	<u>344,551</u>	<u>84,749</u>	<u>429,300</u>
Fund Cash Balances, December 31	<u>\$313,954</u>	<u>\$172,504</u>	<u>\$486,458</u>
Reserves for Encumbrances, December 31	<u>\$24,206</u>	<u>\$15,038</u>	<u>\$39,244</u>

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

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002**

	<u>2003</u> <u>Enterprise</u>	<u>2002</u> <u>Enterprise</u>
Operating Cash Receipts:		
Charges for Services	675,934	700,192
Operating Cash Disbursements:		
Personal Services	204,422	174,344
Travel Transportation	994	2,414
Contractual Services	62,314	69,553
Supplies and Materials	100,140	96,399
Capital Outlay	52,215	659,792
Total Operating Cash Disbursements	420,085	1,002,502
Operating Income/(Loss)	255,849	(302,310)
Non-Operating Cash Receipts:		
Property Tax and Other Local Taxes	372,862	360,723
Proceeds from Notes and Bonds	270,000	454,623
Sale of Fixed Assets		6,075
Interest	12,664	16,249
Other Non-Operating Receipts	1,240	2,444
Total Non-Operating Cash Receipts	656,766	840,114
Non-Operating Cash Disbursements:		
Debt Service	806,030	464,905
Net Receipts Over Disbursements	106,585	72,899
Fund Cash Balances, January 1	1,734,856	1,661,957
Fund Cash Balances, December 31	<u>1,841,441</u>	<u>1,734,856</u>
Reserves for Encumbrances, December 31	<u>8,517</u>	<u>9,064</u>

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

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**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Sugarcreek, Tuscarawas County, Ohio, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general government services, including water and sewer utilities; park operations (leisure time activities); and fire, police and ambulance services.

The Village's management believes these financial statements present all activities for which the Village 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 and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 and to record the collection of self assessed taxes, the cost of collecting such taxes and the distribution to various other funds in accordance with Village ordinances.

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 Village has the following significant Special Revenue Fund:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

Fire and Emergency Medical Services Levy Fund - This fund is used to account for tax proceeds used to fund Village emergency medical response services.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village has the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing water service.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer service.

Debt Service Sewer ½% Income Tax Fund - This fund is used to account for income tax receipts used to pay OWDA debt related to the sewer improvement projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$871,620	\$233,314
Certificates of deposit	1,571,072	1,548,000
Total deposits	\$2,442,692	\$1,781,314
Repurchase agreement	0	440,000
Total deposits and investments	\$2,442,692	\$2,221,314

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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$821,169	\$976,199	\$155,030
Special Revenue	805,483	825,425	19,942
Enterprise	1,273,667	1,332,700	59,033
Total	\$2,900,319	\$3,134,324	\$234,005

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,151,217	\$913,419	\$237,798
Special Revenue	977,987	806,365	171,622
Enterprise	2,992,428	1,234,632	1,757,796
Total	\$5,121,632	\$2,954,416	\$2,167,216

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$948,715	\$943,644	(\$5,071)
Special Revenue	766,507	759,563	(6,944)
Enterprise	1,526,382	1,540,306	13,924
Total	\$3,241,604	\$3,243,513	\$1,909

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,263,266	\$998,447	\$264,819
Special Revenue	851,257	686,846	164,411
Enterprise	3,188,339	1,476,471	1,711,868
Total	\$5,302,862	\$3,161,764	\$2,141,098

4. FUND BALANCE RESTATEMENT

The Village Handbook does not permit reporting of income tax activity as an Expendable Trust Fund. The General Fund and Expendable Trust Fund balances have been restated from amounts previously reported to record Income Tax activity within the General Fund. As a result of the restatement, the General Fund beginning balance on January 1, 2002, increased \$183,067, eliminating the Expendable Trust Fund.

	General Fund	Expendable Trust Fund
Ending Fund Balance, As previously reported, December 31, 2001	\$161,484	\$183,067
Income Tax Fund Balance	183,067	(183,067)
Restated Fund Balance, January 1, 2002	\$344,551	\$0

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 Village.

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 Village.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. DEBT

Debt outstanding at December 31, 2003 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 1163	\$218,575	5.50%
Ohio Water Development Authority Loan 2524	2,443,099	3.85%
Ohio Water Development Authority Loan 3461	255,551	3.40%
Various Purpose Improvement Bonds, Series 1998	390,000	8.00%
Improvement Bonds	765,000	5.83%
Water System Refunding Bonds, Series 1999	719,646	5.75%
OPWC Ohio Small Government Loan	365,328	0.00%
Various Purpose Notes, Series 2003	<u>577,000</u>	2.01%
 Total	 <u><u>\$5,734,199</u></u>	

The Ohio Water Development Authority (OWDA) loans were issued to finance water and sewage system improvement projects, including the construction of the wastewater treatment plant. Various improvement bond and note proceeds were used to finance water and sewer system improvements, and purchase road equipment. The Village also obtained a small government loan from the Ohio Public Works Commission for construction of the Shanesville Water Tank.

During 2003, the Village issued notes to acquire real estate, known as the Ford Building, and for renovations to the building for Village operations. Proceeds of the notes were also used to finance construction of a salt storage building, sewer line extensions and construction of a lift station.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. DEBT (Continued)

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

	#1163 OWDA Loan	#2524 OWDA Loan	#3461 OWDA Loan	Various Purpose Improvement Bonds	General Obligation Improvement Bonds	Water System Refunding Bonds	OPWC Ohio Small Government Loan
Year ending							
2004	\$27,008	\$233,754	\$19,168	\$69,140	\$73,843	\$72,615	\$19,228
2005	27,008	233,754	19,168	66,740	77,193	70,748	19,228
2006	27,008	233,754	19,168	59,340	75,233	73,835	19,228
2007	27,008	233,754	19,168	37,180	73,237	71,685	19,228
2008	27,008	233,754	19,168	35,980	76,225	74,485	19,228
Thereafter	162,048	1,870,030	249,184	170,050	795,338	742,920	269,188
Total	<u>\$297,088</u>	<u>\$3,038,800</u>	<u>\$345,024</u>	<u>\$438,430</u>	<u>\$1,171,069</u>	<u>\$1,106,288</u>	<u>\$365,328</u>

8. LEASE OBLIGATION

During 2003, the Village entered into a capital lease with Bank One Leasing Company for the purchase of a new aerial platform truck. The lease is for a period of ten years and bears an annual interest rate of 3.69%. Payments will be made semi annually over ten years.

The following is a schedule of the future minimum lease payments under the capital lease at December 31, 2003:

	Amount
Year ending December 31:	
2004	\$93,476
2005	92,206
2006	90,912
2007	89,595
2008	88,253
Thereafter	<u>420,255</u>
Total Minimum Lease Payments	874,697
Less: Amount Representing Interest	<u>139,696</u>
Net Present Value of Future Minimum Lease Payments	<u>\$735,001</u>

9. RETIREMENT SYSTEM

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability & Pension Fund (PFDPF). Other full-time employees and the elected officials belong to the Ohio Public Employees Retirement System (OPERS). PFDPF and OPERS are cost-sharing, multiple-employer plan. These plans provide 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 2003 and 2002, members of PFDPF contributed 10% of their wages. The Village contributed an amount equal to 10.5% of police participant and 24% of fire participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

10. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- General liability
- Public officials' liability
- Vehicles
- Commercial Inland Marine
- Employer's liability
- Employee benefits liability

The Village also provides health, vision and dental insurance to full-time employees through a private carrier.

11. JOINTLY GOVERNED ORGANIZATIONS

The Swiss Valley Joint Ambulance District (District) provides emergency medical services to the citizens within the District including the Village. The District is directed by an eight member Board of Trustees, who is appointed from the participating villages and townships the District serves. During 2003 and 2002, the Village contributed \$19,125 and \$18,563, respectively to the District.

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to the Ohio Rev. Code Section 5705.62. TCTIRC has 44 members, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 14 members appointed by township trustees, 1 member from the County Auditor's Office and 8 members appointed by boards of education located within the County. The TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. The body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative body that approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent upon the Village's continued participation and no measurable equity exists.

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**Auditor of State
Betty Montgomery**

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

Village of Sugarcreek
Tuscarawas County
410 South Broadway
Sugarcreek, Ohio 44681

To the Village Council:

We have audited the accompanying financial statements of the Village of Sugarcreek, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 17, 2004 which disclosed the restatement of certain fund balances related to elimination of the Expendable Trust Income Tax Fund. 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 Village'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 a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 weakness.

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 Village in a separate letter dated May 17, 2004.

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Village of Sugarcreek
Tuscarawas 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 Village Council, 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

May 17, 2004



**Auditor of State
Betty Montgomery**

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VILLAGE OF SUGARCREEK

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 10, 2004**