



Dave Yost • Auditor of State

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

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WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sugar Creek Township
Wayne County
16821 Withrich Road
P.O. Box 224
Dalton, Ohio 44618

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar Creek Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandated the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar Creek Township, Wayne County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund and Road and Bridge Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

October 10, 2011

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of Sugar Creek Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$5,731 or 1.0 percent.

The Township's general receipts are primarily property taxes. These receipts represent 52.7 percent of the total cash received for governmental activities during the year.

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$106,523, or 17.6 percent.

The Township's general receipts are primarily property taxes. These receipts represent 48.4 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services and road and bridge maintenance. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major governmental funds – not the Township as a whole. The Township establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Townships major governmental funds are as follows: General Fund, Gasoline Tax Fund, and Road and Bridge Fund.

Sugar Creek Township, Wayne County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2010 and 2009
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 and 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2010	2009	2008
Assets			
Cash and Cash Equivalents	\$713,458	\$606,935	\$601,204
Net Assets			
Restricted for:			
Other Purposes	607,165	574,720	483,189
Unrestricted	106,293	32,215	118,015
Total Net Assets	\$713,458	\$606,935	\$601,204

As mentioned previously, net assets of governmental activities increased \$106,523 or 17.6 percent during 2010.

The primary reason contributing to the increases in cash balances is as follows:

- There was an increase in miscellaneous revenue from a grant received.
- Expenditures were reduced.

Net assets of governmental activities increased \$5,731 or 1.0 percent during 2009.

Table 2 reflects the changes in net assets on a cash basis in 2010, 2009, and 2008 for governmental activities.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

(Table 2)
Changes in Net Assets

	Governmental		
	Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$28,892	\$28,679	\$28,447
Operating Grants and Contributions	109,401	106,628	110,983
Total Program Receipts	<u>138,293</u>	<u>135,307</u>	<u>139,430</u>
General Receipts:			
Property and Other Local Taxes	423,787	424,629	413,895
Grants and Entitlements Not Restricted to Specific Programs	193,427	193,038	208,527
Cell Tower Rent	20,700	20,700	21,525
Cable Franchise Fees	12,895	12,245	12,035
Interest	1,647	6,518	20,002
Miscellaneous	85,512	13,268	15,442
Total General Receipts	<u>737,968</u>	<u>670,398</u>	<u>691,426</u>
Total Receipts	<u>876,261</u>	<u>805,705</u>	<u>830,856</u>
Disbursements:			
General Government	145,512	154,424	144,436
Public Safety	71,565	71,748	70,950
Public Works	528,982	482,429	519,447
Health	23,679	23,563	22,719
Capital Outlay	0	67,810	56,547
Total Disbursements	<u>769,738</u>	<u>799,974</u>	<u>814,099</u>
Increase in Net Assets	106,523	5,731	16,757
Net Assets, January 1	<u>606,935</u>	<u>601,204</u>	<u>584,447</u>
Net Assets, December 31	<u>\$713,458</u>	<u>\$606,935</u>	<u>\$601,204</u>

Program receipts represent only 15.8 and 16.8 percent of total receipts for 2010 and 2009, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

General receipts represent 84.2 and 83.2 percent of the Township's total receipts for 2010 and 2009, respectively, and of this amount, over 57.4 and 63.3 percent, respectively, are local taxes. State grants and entitlements make up the majority of the balance of the Township's general receipts (26.2 and 28.8 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Fiscal Officer and trustees as well as internal services such as payroll and purchasing.

Disbursements for Public Safety are the costs of providing fire service to the Township's residents.

Disbursements for Public Works are the costs of constructing, maintaining, and repairing Township roads and bridges.

Governmental Activities

If you look at the Statement of Activities on page 10 and 17, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2010 and 2009 are for public works, which accounts for 68.7 and 60.3 percent, respectively, of all governmental disbursements. General government also represents a significant cost, about 18.9 percent for 2010 and 19.3 percent for 2009. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services	Net Cost of Services
	2010	2009	2008	2010	2009	2008
General Government	\$145,512	\$154,424	\$144,436	(\$145,512)	(\$154,424)	(\$144,436)
Public Safety	71,565	71,748	70,950	(59,576)	(59,648)	(58,909)
Public Works	528,982	482,429	519,447	(402,678)	(359,222)	(392,058)
Health	23,679	23,563	22,719	(23,679)	(23,563)	(22,719)
Capital Outlay	0	67,810	56,547	0	(67,810)	(56,547)
Total	\$769,738	\$799,974	\$814,099	(\$631,445)	(\$664,667)	(\$674,669)

The dependence upon property tax receipts is apparent as over 82.0 and 84.3 percent of governmental activities are supported through these general receipts for 2010 and 2009, respectively.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township's Funds

Total governmental funds had receipts of \$876,261 and \$805,705 and disbursements of \$769,738 and \$799,974 for 2010 and 2009, respectively. The greatest change within governmental funds for 2010 occurred within the General Fund and Gasoline Tax Fund. The greatest change within governmental funds for 2009 occurred within the General Fund and the Road and Bridge Fund. The fund balance of the General Fund increased \$74,078 during 2010 as the result of increased miscellaneous receipts. The fund balance of the Gasoline Tax Fund decreased \$59,270 as the result of increased public works disbursements (road work). The fund balance of the General Fund decreased \$85,800 during 2009 as a result of a decrease in intergovernmental revenue. Road and Bridge Fund increased \$64,836 during 2009 as a result of an increase in property taxes and intergovernmental receipts.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Township did not amend its General Fund budget. Final budgeted receipts were significantly lower than actual receipts. This was due to the receipt of a grant from First Energy.

During 2009, the Township did not amend its General Fund budget to reflect changing circumstances. Final budgeted receipts were below actual receipts due to not budgeting for all estate tax receipts.

In 2010, final disbursements were budgeted at \$168,620 while actual disbursements were \$175,199. More expenditures were incurred during the year than anticipated.

In 2009, final disbursements were budgeted at \$278,393 while actual disbursements were \$261,058. Less expenditures were incurred during the year than anticipated.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jerry Berg, Fiscal Officer, Sugar Creek Township, P.O. Box 224, Dalton, Ohio 44618.

SUGAR CREEK TOWNSHIP
WAYNE COUNTY
Statement of Net Assets - Cash Basis
December, 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$713,458</u>
Net Assets	
Restricted for:	
Other Purposes	607,165
Unrestricted	<u>106,293</u>
<i>Total Net Assets</i>	<u>\$713,458</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$106,293	\$54,221	\$441,504	\$111,440	\$713,458
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	106,293				106,293
Special Revenue Funds		54,221	441,504	111,440	607,165
<i>Total Fund Balances</i>	<u>\$106,293</u>	<u>\$54,221</u>	<u>\$441,504</u>	<u>\$111,440</u>	<u>\$713,458</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$46,786		\$377,001	\$16,903	\$440,690
Intergovernmental	88,770	\$90,205	104,058	19,196	302,229
Special Assessments				11,989	11,989
Cable Franchise Fees	12,895				12,895
Interest	1,204	258		186	1,648
Other	99,622		7,188		106,810
<i>Total Receipts</i>	<u>249,277</u>	<u>90,463</u>	<u>488,247</u>	<u>48,274</u>	<u>876,261</u>
Disbursements					
Current:					
General Government	59,583	28,308	57,621		145,512
Public Safety	71,565				71,565
Public Works	20,372	121,425	371,473	15,712	528,982
Health	23,679				23,679
<i>Total Disbursements</i>	<u>175,199</u>	<u>149,733</u>	<u>429,094</u>	<u>15,712</u>	<u>769,738</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	74,078	(59,270)	59,153	32,562	106,523
<i>Fund Balances Beginning of Year</i>	<u>32,215</u>	<u>113,491</u>	<u>382,351</u>	<u>78,878</u>	<u>606,935</u>
<i>Fund Balances End of Year</i>	<u>\$106,293</u>	<u>\$54,221</u>	<u>\$441,504</u>	<u>\$111,440</u>	<u>\$713,458</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$44,800	\$44,800	\$46,786	\$1,986
Licenses, Permits and Fees	9,000	9,000	12,895	3,895
Intergovernmental	53,524	53,524	88,770	35,246
Interest	4,000	4,000	1,204	(2,796)
Other	20,700	20,700	99,622	78,922
<i>Total Receipts</i>	<u>132,024</u>	<u>132,024</u>	<u>249,277</u>	<u>117,253</u>
Disbursements				
Current:				
General Government	58,509	57,944	59,583	(1,639)
Public Safety	71,000	71,565	71,565	0
Public Works	15,432	15,432	20,372	(4,940)
Health	23,679	23,679	23,679	0
<i>Total Disbursements</i>	<u>168,620</u>	<u>168,620</u>	<u>175,199</u>	<u>(6,579)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,596)</u>	<u>(36,596)</u>	<u>74,078</u>	<u>110,674</u>
<i>Fund Balance Beginning of Year</i>	<u>36,030</u>	<u>36,030</u>	<u>32,215</u>	<u>(3,815)</u>
<i>Fund Balance End of Year</i>	<u><u>(\$566)</u></u>	<u><u>(\$566)</u></u>	<u><u>\$106,293</u></u>	<u><u>\$106,859</u></u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$88,000	\$88,000	\$90,205	2,205
Interest	3,000	3,000	258	(2,742)
<i>Total Receipts</i>	<u>91,000</u>	<u>91,000</u>	<u>90,463</u>	<u>(537)</u>
Disbursements				
Current:				
General Government	13,000	13,000	28,308	(15,308)
Public Works	187,676	187,676	121,425	66,251
<i>Total Disbursements</i>	<u>200,676</u>	<u>200,676</u>	<u>149,733</u>	<u>50,943</u>
<i>Excess of Receipts (Under) Disbursements</i>	(109,676)	(109,676)	(59,270)	50,406
<i>Fund Balance Beginning of Year</i>	<u>109,676</u>	<u>109,676</u>	<u>113,491</u>	<u>3,815</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$54,221</u></u>	<u><u>\$54,221</u></u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$350,300	\$350,300	\$377,001	\$26,701
Intergovernmental	52,700	52,700	104,058	51,358
Other	4,000	4,000	7,188	3,188
<i>Total Receipts</i>	<u>407,000</u>	<u>407,000</u>	<u>488,247</u>	<u>81,247</u>
Disbursements				
Current:				
General Government	89,216	94,574	57,621	36,953
Public Works	600,135	594,777	371,473	223,304
Capital Outlay	100,000	100,000		100,000
<i>Total Disbursements</i>	<u>789,351</u>	<u>789,351</u>	<u>429,094</u>	<u>360,257</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(382,351)	(382,351)	59,153	441,504
<i>Fund Balance Beginning of Year</i>	<u>382,351</u>	<u>382,351</u>	<u>382,351</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$441,504</u></u>	<u><u>\$441,504</u></u>

See accompanying notes to the basic financial statements

SUGAR CREEK TOWNSHIP
WAYNE COUNTY
Statement of Net Assets - Cash Basis
December, 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$606,935</u>
Net Assets	
Restricted for:	
Other Purposes	574,720
Unrestricted	<u>32,215</u>
<i>Total Net Assets</i>	<u><u>\$606,935</u></u>

See accompanying notes to the basic financial statements

SUGAR CREEK TOWNSHIP
WAYNE COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$154,424			(\$154,424)
Public Safety	71,748	12,100		(59,648)
Public Works	482,429	16,579	106,628	(359,222)
Health	23,563			(23,563)
Capital Outlay	67,810			(67,810)
<i>Total Governmental Activities</i>	<u>799,974</u>	<u>28,679</u>	<u>106,628</u>	<u>(664,667)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		46,207
		Road and Bridge		378,422
		Cell Tower Rent		20,700
		Cable Franchise Fees		12,245
		Grants and Entitlements not Restricted to Specific Programs		193,038
		Interest		6,518
		Miscellaneous		13,268
		<i>Total General Receipts</i>		<u>670,398</u>
		Change in Net Assets		5,731
		<i>Net Assets Beginning of Year</i>		<u>601,204</u>
		<i>Net Assets End of Year</i>		<u>\$606,935</u>

See accompanying notes to the basic financial statements

SUGAR CREEK TOWNSHIP
WAYNE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$32,215	\$113,491	\$382,351	\$78,878	\$606,935
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	32,215				32,215
Special Revenue Funds		113,491	382,351	78,878	574,720
<i>Total Fund Balances</i>	<u>\$32,215</u>	<u>\$113,491</u>	<u>\$382,351</u>	<u>\$78,878</u>	<u>\$606,935</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$46,208		\$378,422	\$16,579	\$441,209
Intergovernmental	88,955	89,219	104,003	17,408	299,585
Special Assessments				12,100	12,100
Cable Franchise Fees	12,245				12,245
Interest	3,355	1,947		1,216	6,518
Other	24,495		9,553		34,048
<i>Total Receipts</i>	<u>175,258</u>	<u>91,166</u>	<u>491,978</u>	<u>47,303</u>	<u>805,705</u>
Disbursements					
Current:					
General Government	143,470		10,954		154,424
Public Safety	71,748				71,748
Public Works	22,277	75,539	348,378	36,235	482,429
Health	23,563				23,563
Capital Outlay			67,810		67,810
<i>Total Disbursements</i>	<u>261,058</u>	<u>75,539</u>	<u>427,142</u>	<u>36,235</u>	<u>799,974</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(85,800)	15,627	64,836	11,068	5,731
<i>Fund Balances Beginning of Year</i>	<u>118,015</u>	<u>97,864</u>	<u>317,515</u>	<u>67,810</u>	<u>601,204</u>
<i>Fund Balances End of Year</i>	<u>\$32,215</u>	<u>\$113,491</u>	<u>\$382,351</u>	<u>\$78,878</u>	<u>\$606,935</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$44,000	\$44,000	\$46,208	\$2,208
Licenses, Permits and Fees	9,000	9,000	12,245	3,245
Intergovernmental	64,767	64,767	88,955	24,188
Interest	8,000	8,000	3,355	(4,645)
Other	20,700	20,700	24,495	3,795
<i>Total Receipts</i>	<u>146,467</u>	<u>146,467</u>	<u>175,258</u>	<u>28,791</u>
Disbursements				
Current:				
General Government	147,934	155,273	143,470	11,803
Public Safety	75,000	75,000	71,748	3,252
Public Works	19,432	19,432	22,277	(2,845)
Health	23,563	23,563	23,563	0
Capital Outlay	12,464	5,125		5,125
<i>Total Disbursements</i>	<u>278,393</u>	<u>278,393</u>	<u>261,058</u>	<u>17,335</u>
<i>Excess of Receipts (Under) Disbursements</i>	(131,926)	(131,926)	(85,800)	46,126
<i>Fund Balance Beginning of Year</i>	<u>118,015</u>	<u>118,015</u>	<u>118,015</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$13,911)</u>	<u>(\$13,911)</u>	<u>\$32,215</u>	<u>\$46,126</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$90,000	\$90,000	\$89,219	(781)
Interest	4,500	4,500	1,947	(2,553)
<i>Total Receipts</i>	<u>94,500</u>	<u>94,500</u>	<u>91,166</u>	<u>(3,334)</u>
Disbursements				
Current:				
Public Works	183,024	183,024	75,539	107,485
<i>Total Disbursements</i>	<u>183,024</u>	<u>183,024</u>	<u>75,539</u>	<u>107,485</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(88,524)	(88,524)	15,627	104,151
<i>Fund Balance Beginning of Year</i>	<u>97,864</u>	<u>97,864</u>	<u>97,864</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,340</u></u>	<u><u>\$9,340</u></u>	<u><u>\$113,491</u></u>	<u><u>\$104,151</u></u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$371,100	\$371,100	\$378,422	\$7,322
Intergovernmental	40,000	40,000	104,003	64,003
Other			9,553	9,553
<i>Total Receipts</i>	<u>411,100</u>	<u>411,100</u>	<u>491,978</u>	<u>80,878</u>
Disbursements				
Current:				
General Government	15,000	15,000	10,954	4,046
Public Works	606,508	606,508	348,378	258,130
Capital Outlay	100,000	100,000	67,810	32,190
<i>Total Disbursements</i>	<u>721,508</u>	<u>721,508</u>	<u>427,142</u>	<u>294,366</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(310,408)	(310,408)	64,836	375,244
<i>Fund Balance Beginning of Year</i>	<u>317,515</u>	<u>317,515</u>	<u>317,515</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,107</u>	<u>\$7,107</u>	<u>\$382,351</u>	<u>\$375,244</u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 1 – Reporting Entity

Sugar Creek Township, Wayne County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Dalton Volunteer Fire Department, the Kidron Volunteer Fire Department and the City of Orrville for fire protection. Police protection is provided by the Wayne County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Sugar Creek Township has no component units.

C. Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Government Risk Management Plan

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township does not report any business-type activities which are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund and Road & Bridge Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintaining and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the Amended Certificate of Estimated Resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The Township had no investments during fiscal years 2009 and 2010.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 and 2009 were \$1,204 and \$3,355, respectively.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. During 2010 and 2009, the Township did not report any restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for roadwork.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Contrary to Ohio Rev. Code Section 5735.27 and Article XII, Section 5a of the Ohio Constitution, money intended for road disbursements were used to pay non-road related disbursements.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, and Road and Bridge Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The Township had no encumbrances outstanding at year end. The Budgetary Statements disclose apparent violations of budgetary laws in the General Fund for both years, however these violations were caused by audit adjustments. Therefore no noncompliance will be noted.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 5 - Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2010 and 2009, \$483,175 and \$381,004 of the Township's bank balance of \$733,175 and \$631,004 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At December 31, 2010 and 2009, the Township had no investments.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 6 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the Township. Property tax receipts received in 2009 and 2010 for real and public utility property taxes represents collections of the 2008 and 2009 taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In 2007-2010, the Township was fully reimbursed for the lost revenue. In 2011-2017, the reimbursements will be phased out.

2009 and 2010 real property taxes are levied after October 1, 2009 and 2010 on the assessed values as of January 1, 2009 and 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 and 2010 real property taxes are collected in and intended to finance 2010 and 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 and 2010 public utility property taxes which became a lien on December 31, 2008 and 2009, are levied after October 1, 2009 and 2010, and are collected in 2010 and 2011 with real property taxes.

The full tax rate for all Township operations for the years ended December 31, 2009 and 2010 were \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property and tangible personal property upon which 2009 and 2010 property tax receipts were based are as follows:

	<u>2010</u>	<u>2009</u>
Real Property		
Residential/Agriculture	\$ 107,224,500	\$ 98,393,590
Other Real	18,075,761	16,994,830
Tangible Personal Property	350,433	7,957,910
Public Utility	2,724,860	2,683,340
Total Assessed Value	<u>\$ 128,375,554</u>	<u>\$ 126,029,670</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – Public Entity Risk Pool

Risk Pool Membership

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 – Public Entity Risk Pool (Continued)

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009, and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 – Public Entity Risk Pool (Continued)

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2010 and 2009, members in local classifications contributed 10 percent of covered payroll.

The Township's contribution rate for 2010 and 2009 was 14 percent. For 2010 and 2009, a portion of the County's contribution of covered payroll was allocated to fund the post-employment healthcare plan. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. From January 1 through March 31, 2009, this allocation was 7.0 percent, and from April 1 through December 31, 2009, the allocation was 5.5%. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$22,491, \$21,497, and \$22,300 respectively. The full amount has been contributed for 2010, 2009 and 2008.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 9 - Postemployment Benefits (Continued)

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010 and 2009, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent of covered payroll from January 1 through February 28, 2010, and 4.73 percent from March 1 through December 31, 2010. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7.0 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$8,144, \$8,950, and \$11,150 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.



Dave Yost • Auditor of State

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

Sugar Creek Township
Wayne County
16821 Withrich Road
P.O. Box 224
Dalton, Ohio 44618

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar Creek Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 10, 2011, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. 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 entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 10, 2011.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

October 10, 2011

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 5705.10 (H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

During 2010, the Township expended \$23,575 from the Road and Bridge Fund to pay for expenses that were not related to the purposes established for road and bridge revenue. This expense was for the Township Trustee's health and dental insurance premiums, not attributable to the maintenance of roads. Furthermore, no documentation was provided establishing that the trustees had performed any activity entitling the trustees to pay for their health care premiums. Adjustments have been posted to the records and financial statements.

Article XII, Section 5a of the Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highway, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

Further, **Ohio Revised Code Section 5735.27** provides in part that gasoline tax receipts may be expended by a township only for the purposes of planning, constructing, maintaining, widening, and reconstructing the public roads and highways within the township.

During 2009, the Township expended \$3,815 of gasoline tax revenue to pay for cemetery mowing which is not related to the purposes established for gas tax revenue. Adjustments have been posted to the records and financial statements.

During 2010, the Township expended \$3,650 and \$1,290 of gasoline tax revenue to pay for cemetery mowing and UAN fees which are not attributable to the maintenance of roads. Adjustments have been posted to the records and financial statements.

The use of the Township's gasoline excise tax revenue to pay the costs associated with those described is not a permissible expenditure of funds paid from the Gasoline Tax Fund. This could result in material misstatement of individual fund balances.

We recommend the Township develop internal control procedures to ensure expenditures are paid from the proper funds. The Township Fiscal Officer should review the Ohio Township Handbook for guidance on allowable expenditures from various funds.

Officials' Response: The Township Trustees and Fiscal Officer plan to pay mowing, UAN fees, and Trustee health insurance from the General Fund if monies are sufficient.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 5705.10 (H), Ohio Const. Art. XII, Section 5a and Ohio Rev. Code Section 5735.27	No	Partially Corrected. See Finding Number 2010-001.
2008-002	Finding for Recovery – Repaid Under Audit	Yes	Corrected



Dave Yost • Auditor of State

SUGAR CREEK TOWNSHIP

WAYNE 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
NOVEMBER 10, 2011**