



**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Mayor and 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, 2001 and 2000. 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 audits.

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

As discussed in Note 1, the 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, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2002 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 audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 19, 2002

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$514,841	\$285,818	\$0	\$133,099	\$933,758
Intergovernmental	131,102	91,662			222,764
Charges for Services	52,256	0			52,256
Fines, Licenses, and Permits	5,812	275			6,087
Earnings on Investments	39,237	3,447			42,684
Donations				120,830	120,830
Miscellaneous	891	852			1,743
Total Cash Receipts	<u>744,139</u>	<u>382,054</u>	<u>0</u>	<u>253,929</u>	<u>1,380,122</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	313,459				313,459
Public Health Services	2,571	18,244			20,815
Leisure Time Activities	13,695				13,695
Community Environment	8,168				8,168
Basic Utility Services	85,650				85,650
Transportation	2,981	217,095		39,789	259,865
General Government	308,184			26,943	335,127
Debt Service		54,570			54,570
Capital Outlay	21,500	89,039	270,000	29,420	409,959
Total Cash Disbursements	<u>756,208</u>	<u>378,948</u>	<u>270,000</u>	<u>96,152</u>	<u>1,501,308</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,069)</u>	<u>3,106</u>	<u>(270,000)</u>	<u>157,777</u>	<u>(121,186)</u>
Other Financing Receipts and (Disbursements):					
Proceeds from Sale of Fixed Assets	3,772				3,772
Proceeds of Note			270,000		270,000
Transfers-Out				(70,000)	(70,000)
Other Sources	22,334			5,580	27,914
Other Uses				(5,580)	(5,580)
Total Other Financing Receipts/(Disbursements)	<u>26,106</u>	<u>0</u>	<u>270,000</u>	<u>(70,000)</u>	<u>226,106</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	14,037	3,106	0	87,777	104,920
Fund Cash Balances, January 1	147,447	81,643	0	95,290	324,380
Fund Cash Balances, December 31	<u>\$161,484</u>	<u>\$84,749</u>	<u>\$0</u>	<u>\$183,067</u>	<u>\$429,300</u>
Reserves for Encumbrances, December 31	<u>\$4,384</u>	<u>\$2,043</u>	<u>\$0</u>	<u>\$12,322</u>	<u>\$18,749</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 FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$474,412	\$270,445	\$128,401	\$873,258
Intergovernmental	93,290	96,322		189,612
Charges for Services	52,058			52,058
Fines, Licenses, and Permits	4,507	95		4,602
Earnings on Investments	53,155	5,753		58,908
Miscellaneous	536	675		1,211
	<u>677,958</u>	<u>373,290</u>	<u>128,401</u>	<u>1,179,649</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	306,730			306,730
Public Health Services	2,560	17,725		20,285
Leisure Time Activities	8,176			8,176
Community Environment	8,736		433	9,169
Basic Utility Services	74,760			74,760
Transportation	2,758	193,978	16,340	213,076
General Government	267,990		20,018	288,008
Debt Service		56,356		56,356
Capital Outlay		95,289	120,535	215,824
	<u>671,710</u>	<u>363,348</u>	<u>157,326</u>	<u>1,192,384</u>
Total Receipts Over/(Under) Disbursements	6,248	9,942	(28,925)	(12,735)
Fund Cash Balances, January 1	<u>141,199</u>	<u>71,701</u>	<u>124,215</u>	<u>337,115</u>
Fund Cash Balances, December 31	<u>\$147,447</u>	<u>\$81,643</u>	<u>\$95,290</u>	<u>\$324,380</u>
Reserves for Encumbrances, December 31	<u>\$4,653</u>	<u>\$6,019</u>	<u>\$4,839</u>	<u>\$15,511</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 - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
	Enterprise	Enterprise
Operating Cash Receipts:		
Charges for Services	\$681,366	\$678,031
Operating Cash Disbursements:		
Personal Services	169,420	158,611
Travel Transportation	1,929	732
Contractual Services	91,942	54,506
Supplies and Materials	103,625	113,926
Capital Outlay	550,159	34,197
Total Operating Cash Disbursements	917,075	361,972
Operating Income/(Loss)	(235,709)	316,059
Non-Operating Cash Receipts:		
Local Taxes	332,748	321,003
Proceeds from Sale of Fixed Assets	425	15,000
Proceeds of Notes	456,951	
Sale of Other Public Debt	38,555	
Interest	26,136	34,133
Other Non-Operating Receipts	2,358	1,270
Total Non-Operating Cash Receipts	857,173	371,406
Non-Operating Cash Disbursements:		
Debt Service	465,009	395,197
Excess of Receipts Over Disbursements Before Interfund Transfers	156,455	292,268
Transfers-In	70,000	
Net Receipts Over Disbursements	226,455	292,268
Fund Cash Balances, January 1	1,435,502	1,143,234
Fund Cash Balances, December 31	\$1,661,957	\$1,435,502
Reserves for Encumbrances, December 31	\$21,225	\$10,981

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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Sugarcreek, Tuscarawas County, (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 governmental services, fire protection, street maintenance and repair, park operations (leisure time activities), and police services.

The Village is associated with the Swiss Valley Joint Ambulance District and the Tuscarawas County Tax Incentive Review Council which are defined as Jointly Governed Organizations. These organizations are presented in Note 9.

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 and investments that are 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.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 had the following significant Special Revenue Funds:

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

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. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Municipal Building Construction Fund - This fund receives proceeds of real estate acquisition notes. The proceeds are being used to purchase a municipal building.

4. 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 had the following significant Enterprise Funds:

Water Fund - This fund is used to account for charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund - This fund is use to account for charges for services from residents to cover the cost of providing this utility.

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.

5. Fiduciary Fund (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Expendable Trust Fund:

Income Tax Fund – This fund is used to record a portion of self assessed taxes collected, the cost of collecting such taxes and the distribution to certain other funds in accordance with Village ordinances.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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:

	2001	2000
Demand deposits	\$120,110	\$89,882
Certificates of deposit	1,511,147	1,400,000
Total deposits	1,631,257	1,489,882
 Repurchase agreement	 460,000	 270,000
 Total deposits and investments	 \$2,091,257	 \$1,759,882

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase agreement securities are held by the counter-party or by its trust department but not in the name of the Village.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$735,795	\$770,245	\$34,450
Special Revenue	391,240	382,054	(9,186)
Capital Projects	270,000	270,000	0
Expendable Trust	153,966	259,509	105,543
Enterprise	1,739,961	1,608,539	(131,422)
Total	\$3,290,962	\$3,290,347	(\$615)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$813,743	\$760,592	\$53,151
Special Revenue	472,882	380,991	91,891
Capital Projects	330,000	270,000	60,000
Expendable Trust	249,257	184,054	65,203
Enterprise	3,175,463	1,403,309	1,772,154
Total	\$5,041,345	\$2,998,946	\$2,042,399

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$616,089	\$677,958	\$61,869
Special Revenue	365,950	373,290	7,340
Expendable Trust	126,300	128,401	2,101
Enterprise	998,300	1,049,437	51,137
Total	\$2,106,639	\$2,229,086	\$122,447

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$757,289	\$676,363	\$80,926
Special Revenue	437,650	369,367	68,283
Expendable Trust	250,515	162,165	88,350
Enterprise	2,141,534	768,150	1,373,384
Total	\$3,586,988	\$1,976,045	\$1,610,943

4. PROPERTY TAX

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% percent 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.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. LOCAL INCOME TAX (Continued)

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

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ford Building Real Estate Acquisition Note	\$270,000	4.10%
OWDA Loans 0077-C390460	246,245	5.50%
OWDA Loans 309SRF	2,709,543	3.85%
OWDA Loans FS390108-01	209,012	3.40%
Various Purpose Improvement Bonds/Belden Parkway	490,000	8.00%
Improvement Bonds	820,000	5.83%
Water System Refunding Bonds	804,646	5.75%
OPWC Ohio Small Government Loan	378,271	0.00%
Total	\$5,927,717	

Bonds and note proceeds were used to finance water and sanitary sewer system improvements, improve roads, and to purchase a building and equipment. The Ohio Water Development Authority (OWDA) loan proceeds were used to finance sewer construction projects.

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

	OWDA		Various Purpose Improvement		Water System Refunding		OPWC Ohio Small
Year ending December 31:	Loans 0077- C390460	OWDA Loans 309SRF	OWDA Loans FS390108-01	Bonds/Belden Parkway	Improvement Bonds	Bonds	Government Loan
2002	\$27,008	\$233,754	\$19,168	\$73,665	\$72,213	\$71,060	\$19,909
2003	27,008	233,754	19,168	71,415	75,463	74,460	19,909
2004	27,008	233,754	19,168	69,140	73,843	72,615	19,909
2005	27,008	233,754	19,168	66,740	77,193	70,748	19,909
2006	27,008	233,754	19,168	59,340	75,233	73,835	19,909
subsequent	216,064	2,337,538	287,520	315,130	943,014	888,440	278,726
Total	\$351,104	\$3,506,308	\$383,360	\$655,430	\$1,316,959	\$1,251,158	\$378,271

7. RETIREMENT SYSTEMS

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 Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF SUGARCREEK
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. 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

9. 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 are appointed from participating villages and townships the District serves. During 2001 and 2000, the Village contributed \$16,500 and \$15,950, 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 interest exists.

10. CONTINGENT LIABILITIES

Amounts received from the grantor agencies are subject to audit and adjustments by the grantor, principally the state government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

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

To the Mayor and 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, 2001 and 2000, and have issued our report thereon dated August 19, 2002. We conducted our audits 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 certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 19, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 19, 2002.

Village of Sugar Creek
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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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, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
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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
SEPTEMBER 19, 2002**