

SUGARCREEK TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Sugar creek Township

We have reviewed the Independent Auditor's Report of Sugar creek Township, Tuscarawas County, prepared by Gary B. Fink & Associates, Inc. for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Sugar creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 22, 2004

This Page is Intentionally Left Blank.

**SUGARCREEK TOWNSHIP
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

TABLE OF CONTENTS

Elected Officials	i
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2003	3
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Fiduciary Fund Type - December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2002	5
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Fiduciary Fund Type - December 31, 2002.....	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12

SUGARCREEK TOWNSHIP

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2003**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Theodore K. Miller	Trustee	01/01/00-12/31/04	(B)	\$2,000	01/01/00-12/31/04
David P. Shutt	Trustee	01/01/02-12/31/05	(A)	\$1,000	01/01/98-12/31/05
Tyrone Hershberger	Trustee	01/01/02-12/31/05	(A)	\$1,000	01/01/98-12/31/05
L. Stanley Gerber	Clerk	04/01/00-03/31/04	(B)	\$4,000	04/01/00-03/31/04

(A) Personal Service Insurance Company

(B) Ohio Township Association Risk Management Authority

STATUTORY LEGAL COUNSEL

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Sugar creek Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



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

June 2, 2004

Sugarcreek Township
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2003

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property Taxes	\$74,937	\$149,210	\$224,147
Licenses, Permits and Fees	0	6,425	6,425
Intergovernmental Receipts	50,346	77,469	127,815
Interest	675	34	709
All Other Receipts	102	14,758	14,860
	<u>126,060</u>	<u>247,896</u>	<u>373,956</u>
Total Cash Receipts			
Cash Disbursements			
General Government	99,541	904	100,445
Public Safety	0	16,795	16,795
Public Works	25,000	140,779	165,779
Health	0	15,455	15,455
Capital Outlay	1,699	0	1,699
	<u>126,240</u>	<u>173,933</u>	<u>300,173</u>
Total Cash Disbursements			
Total Receipts Over (Under) Disbursements	(180)	73,963	73,783
Fund Cash Balances, January 1, 2003	<u>27,188</u>	<u>101,592</u>	<u>128,780</u>
Fund Cash Balances, December 31, 2003	<u>\$27,008</u>	<u>\$175,555</u>	<u>\$202,563</u>
Reserve for Encumbrances, December 31, 2003	<u>\$1,133</u>	<u>\$1,234</u>	<u>\$2,367</u>

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

Sugarcreek Township
Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance - Fiduciary Fund Type
For the Year Ended December 31, 2003

	Non- Expendable Trust
Operating Cash Receipts	
Interest	<u>\$10</u>
Operating Cash Disbursements	<u>0</u>
Total Receipts Over Disbursements	10
Fund Cash Balances, January 1, 2003	<u>2,435</u>
Fund Cash Balances, December 31, 2003	<u><u>\$2,445</u></u>
Reserve for Encumbrances, December 31, 2003	<u><u>\$0</u></u>

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

Sugarcreek Township
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2002

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property Taxes	\$73,705	\$148,597	\$222,302
Licenses, Permits and Fees	0	6,650	6,650
Intergovernmental Receipts	38,792	74,670	113,462
Interest	1,204	65	1,269
All Other Receipts	24	4,221	4,245
	<u>113,725</u>	<u>234,203</u>	<u>347,928</u>
Cash Disbursements			
General Government	103,355	398	103,753
Public Safety	0	35,977	35,977
Public Works	0	148,139	148,139
Health	0	17,611	17,611
Capital Outlay	2,801	0	2,801
	<u>106,156</u>	<u>202,125</u>	<u>308,281</u>
Excess of Cash Receipts Over Cash Disbursements Before Other Financing Sources	7,569	32,078	39,647
Other Financing Receipts			
Other Financing Sources	1,935	0	1,935
	<u>9,504</u>	<u>32,078</u>	<u>41,582</u>
Total Receipts Over Disbursements	9,504	32,078	41,582
Fund Cash Balances, January 1, 2002	<u>17,684</u>	<u>69,514</u>	<u>87,198</u>
Fund Cash Balances, December 31, 2002	<u>\$27,188</u>	<u>\$101,592</u>	<u>\$128,780</u>
Reserve for Encumbrances, December 31, 2002	<u>\$1,492</u>	<u>\$3,426</u>	<u>\$4,918</u>

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

Sugarcreek Township
Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance - Fiduciary Fund Type
For the Year Ended December 31, 2002

	Non- Expendable Trust
Operating Cash Receipts	
Interest	\$24
Operating Cash Disbursements	0
Total Receipts Over Disbursements	24
Fund Cash Balances, January 1, 2002	2,412
Fund Cash Balances, December 31, 2002	\$2,436
Reserve for Encumbrances, December 31, 2002	\$0

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Sugarcreek Township, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a 1.8 mil levy for the Sugarcreek Volunteer Fire Department and Swiss Valley Joint Ambulance District to provide fire and EMS protection to the residents of the Township.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie., when an encumbrance is approved).

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

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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

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

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

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

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

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

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

D. Budgetary Process

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

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

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

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

E. Property, Plant and Equipment

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

2. **EQUITY IN POOLED CASH**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of the Township's deposits at December 31, 2003 was \$205,008 and at December 31, 2002 was \$131,216. Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized held in the name of Sugarcreek Township by the financial institution.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$131,284	\$126,060	(\$5,224)
Special Revenue	<u>226,820</u>	<u>247,896</u>	<u>21,076</u>
Total	<u>\$358,104</u>	<u>\$373,956</u>	<u>\$15,852</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$156,427	\$127,373	\$29,054
Special Revenue	<u>322,442</u>	<u>175,167</u>	<u>147,275</u>
Total	<u>\$478,869</u>	<u>\$302,540</u>	<u>\$176,329</u>

2002 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$105,063	\$115,660	\$10,597
Special Revenue	<u>235,232</u>	<u>234,203</u>	<u>(1,029)</u>
Total	<u>\$340,295</u>	<u>\$349,863</u>	<u>\$9,568</u>

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,697	\$107,648	\$15,049
Special Revenue	304,621	205,551	99,070
Total	<u>\$427,318</u>	<u>\$313,199</u>	<u>\$114,119</u>

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Township.

5. **RETIREMENT SYSTEMS**

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

SUGARCREEK TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. For 2003 the Township contributed on an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. **RISK MANAGEMENT**

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

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

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

We have audited the financial statements of Sugarcreek Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated June 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 2, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated June 2, 2004

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

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



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

June 2, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SUGARCREEK TOWNSHIP

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2004**