



Mary Taylor, CPA
Auditor of State

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

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WAYNE COUNTY**

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Mary Taylor, CPA

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, 2008 and 2007, 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 mandate 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 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, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, and Road and Bridge Fund for the year then ended in conformity with basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of the Government'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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 18, 2009

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
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, 2008 and 2007, 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 2007 are as follows:

Net assets of governmental activities increased \$338 or .05 percent.

The Township's general receipts are primarily property taxes. These receipts represent 53.6 percent of the total cash received for governmental activities during the year.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$16,757, or 2.9 percent.

The Township's general receipts are primarily property taxes. These receipts represent 49.8 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, 2008 and 2007
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 2008 and 2007, 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, 2008 and 2007
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 and 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$601,204	\$584,447	\$584,109
Net Assets			
Restricted for:			
Other Purposes	\$483,189	\$432,826	\$469,580
Unrestricted	118,015	151,621	114,529
Total Net Assets	\$601,204	\$584,447	\$584,109

As mentioned previously, net assets of governmental activities increased \$16,757 or 2.9 percent during 2008.

The primary reason contributing to the increases in cash balances is due to an increase in interest revenue.

Net assets of governmental activities increased \$338 or .05 percent during 2007.

Table 2 reflects the changes in net assets on a cash basis in 2008, 2007, and 2006 for governmental activities.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$28,447	\$31,561	\$28,717
Operating Grants and Contributions	110,983	110,983	112,180
Total Program Receipts	<u>139,430</u>	<u>142,544</u>	<u>140,897</u>
General Receipts:			
Property and Other Local Taxes	413,895	440,469	435,737
Grants and Entitlements Not Restricted to Specific Programs	208,527	170,557	188,793
Cell Tower Rent	21,525	16,500	18,000
Cable Franchise Fees	12,035	10,317	8,677
Sale of Capital Assets		16,900	
Interest	20,002	8,880	10,135
Miscellaneous	15,442	15,653	13,315
Total General Receipts	<u>691,426</u>	<u>679,276</u>	<u>674,657</u>
Total Receipts	<u>830,856</u>	<u>821,820</u>	<u>815,554</u>
Disbursements:			
General Government	144,436	144,249	67,357
Public Safety	70,950	61,425	61,845
Public Works	519,447	519,745	577,965
Health	22,719	21,428	21,241
Capital Outlay	56,547	74,635	5,668
Total Disbursements	<u>814,099</u>	<u>821,482</u>	<u>734,076</u>
Increase/(Decrease) in Net Assets	16,757	338	81,478
Net Assets, January 1	<u>584,447</u>	<u>584,109</u>	<u>502,631</u>
Net Assets, December 31	<u>\$601,204</u>	<u>\$584,447</u>	<u>\$584,109</u>

Program receipts represent only 16.8 and 17.3 percent of total receipts for 2008 and 2007, 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, 2008 and 2007
Unaudited

General receipts represent 83.2 percent and 82.7 percent of the Township's total receipts for 2008 and 2007, respectively, and of this amount, over 59.9 percent and 64.8 percent, respectively, are local taxes. State grants and entitlements make up the majority of the balance of the Township's general receipts (30.2 percent and 25.1 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 2008 and 2007 are for public works, which accounts for 63.8 percent and 63.3 percent, respectively, of all governmental disbursements. General government also represents a significant cost, about 17.7 percent for 2008 and 17.6 percent for 2007. 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 2008	Total Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2008	Net Cost of Services 2007	Net Cost of Services 2006
General Government	\$144,436	\$144,249	\$67,357	(\$144,436)	(\$144,249)	(\$67,357)
Public Safety	70,950	61,425	61,845	(58,909)	(49,480)	(49,766)
Public Works	519,447	519,745	577,965	(392,058)	(391,846)	(449,147)
Health	22,719	21,428	21,241	(22,719)	(18,728)	(21,241)
Capital Outlay	56,547	74,635	5,668	(56,547)	(74,635)	(5,668)
Total	\$814,099	\$821,482	\$734,076	(\$674,669)	(\$678,938)	(\$593,179)

The dependence upon property tax receipts is apparent as over 61.3 and 64.9 percent of governmental activities are supported through these general receipts for 2008 and 2007, respectively.

Sugar Creek Township, Wayne County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township's Funds

Total governmental funds had receipts of \$830,856 and \$821,819 and disbursements of \$814,099 and \$821,481 for 2008 and 2007, respectively. The greatest change within governmental funds for 2008 occurred within the General Fund and Road and Bridge Fund. The greatest change within governmental funds for 2007 occurred within the General Fund. The fund balance of the General Fund decreased \$33,606 during 2008 as the result of increased general government disbursements (insurance). The fund balance of the Road and Bridge Fund increased \$33,975 as the result of decreased general government expenses (insurance). The fund balance of the General Fund increased \$37,092 during 2007 as a result of including cable TV franchise fees in the General Fund and because of the sale of a capital asset.

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 2008, the Township did not amend its General Fund budget to reflect changing circumstances. Final budgeted receipts were significantly below actual receipts. The Fiscal Officer did not amend his General Fund budget for estate tax receipts of \$53,225.

During 2007, 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 and for the sale of the capital asset.

In 2008, final disbursements were budgeted at \$303,778 while actual disbursements were \$248,462. Fewer expenditures were incurred during the year than anticipated.

In 2007, final disbursements were budgeted at \$311,343 while actual disbursements were \$166,337. Fewer 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, 2008*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$601,204</u>
Net Assets	
Restricted for:	
Other Purposes	\$483,189
Unrestricted	<u>118,015</u>
<i>Total Net Assets</i>	<u>\$601,204</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, 2008*

	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	\$144,436			(\$144,436)
Public Safety	70,950	\$12,041		(58,909)
Public Works	519,447	16,406	\$110,983	(392,058)
Health	22,719			(22,719)
Capital Outlay	56,547			(56,547)
<i>Total Governmental Activities</i>	<u>\$814,099</u>	<u>\$28,447</u>	<u>\$110,983</u>	(674,669)
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		48,031
		Road and Bridge		365,864
		Cell Tower Rent		21,525
		Cable Franchise Fees		12,035
		Grants and Entitlements not Restricted to Specific Programs		208,527
		Interest		20,002
		Miscellaneous		15,442
		<i>Total General Receipts</i>		<u>691,426</u>
		Change in Net Assets		16,757
		<i>Net Assets Beginning of Year</i>		<u>584,447</u>
		<i>Net Assets End of Year</i>		<u>\$601,204</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, 2008*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$118,015	\$97,864	\$317,515	\$67,810	\$601,204
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$118,015				\$118,015
Special Revenue Funds		\$97,864	\$317,515	\$67,810	483,189
<i>Total Fund Balances</i>	<u>\$118,015</u>	<u>\$97,864</u>	<u>\$317,515</u>	<u>\$67,810</u>	<u>\$601,204</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, 2008*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$48,031		\$365,864	\$16,406	\$430,301
Intergovernmental	119,410	\$92,924	85,189	18,060	315,583
Special Assessments				12,040	12,040
Cable Franchise Fees	12,035				12,035
Interest	10,512	6,151		3,339	20,002
Other	24,868		14,357	1,670	40,895
<i>Total Receipts</i>	<u>214,856</u>	<u>99,075</u>	<u>465,410</u>	<u>51,515</u>	<u>830,856</u>
Disbursements					
Current:					
General Government	117,794		26,642		144,436
Public Safety	70,950				70,950
Public Works	36,999	91,127	348,246	43,075	519,447
Health	22,719				22,719
Capital Outlay			56,547		56,547
<i>Total Disbursements</i>	<u>248,462</u>	<u>91,127</u>	<u>431,435</u>	<u>43,075</u>	<u>814,099</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,606)	7,948	33,975	8,440	16,757
<i>Fund Balances Beginning of Year</i>	<u>151,621</u>	<u>89,916</u>	<u>283,540</u>	<u>59,370</u>	<u>584,447</u>
<i>Fund Balances End of Year</i>	<u>\$118,015</u>	<u>\$97,864</u>	<u>\$317,515</u>	<u>\$67,810</u>	<u>\$601,204</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$44,800	\$44,800	\$48,031	\$3,231
Intergovernmental	66,660	66,660	119,410	52,750
Cable Franchise Fees	6,000	6,000	12,035	6,035
Interest	4,000	4,000	10,512	6,512
Other	18,000	18,000	24,868	6,868
<i>Total Receipts</i>	<u>139,460</u>	<u>139,460</u>	<u>214,856</u>	<u>75,396</u>
Disbursements				
Current:				
General Government	156,195	156,195	117,794	38,401
Public Safety	75,000	75,000	70,950	4,050
Public Works	34,864	34,864	36,999	(2,135)
Health	22,719	22,719	22,719	0
Capital Outlay	15,000	15,000		15,000
<i>Total Disbursements</i>	<u>303,778</u>	<u>303,778</u>	<u>248,462</u>	<u>55,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(164,318)	(164,318)	(33,606)	130,712
<i>Fund Balance Beginning of Year</i>	<u>151,621</u>	<u>151,621</u>	<u>151,621</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$12,697)</u>	<u>(\$12,697)</u>	<u>\$118,015</u>	<u>\$130,712</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$88,000	\$88,000	\$92,924	\$4,924
Interest	2,500	2,500	6,151	3,651
<i>Total Receipts</i>	<u>90,500</u>	<u>90,500</u>	<u>99,075</u>	<u>8,575</u>
Disbursements				
Current:				
Public Works	174,826	174,826	91,127	83,699
<i>Total Disbursements</i>	<u>174,826</u>	<u>174,826</u>	<u>91,127</u>	<u>83,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(84,326)	(84,326)	7,948	92,274
<i>Fund Balance Beginning of Year</i>	<u>89,916</u>	<u>89,916</u>	<u>89,916</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,590</u></u>	<u><u>\$5,590</u></u>	<u><u>\$97,864</u></u>	<u><u>\$92,274</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$382,600	\$382,600	\$365,864	(\$16,736)
Intergovernmental	38,000	38,000	85,189	47,189
Other			14,357	14,357
<i>Total Receipts</i>	<u>420,600</u>	<u>420,600</u>	<u>465,410</u>	<u>44,810</u>
Disbursements				
Current:				
General Government	31,800	31,800	26,642	5,158
Public Works	565,233	565,233	348,246	216,987
Capital Outlay	100,000	100,000	56,547	43,453
<i>Total Disbursements</i>	<u>697,033</u>	<u>697,033</u>	<u>431,435</u>	<u>265,598</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(276,433)	(276,433)	33,975	310,408
<i>Fund Balance Beginning of Year</i>	<u>283,540</u>	<u>283,540</u>	<u>283,540</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,107</u></u>	<u><u>\$7,107</u></u>	<u><u>\$317,515</u></u>	<u><u>\$310,408</u></u>

See accompanying notes to the basic financial statements

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$584,447</u>
Net Assets	
Restricted for:	
Other Purposes	\$432,826
Unrestricted	<u>151,621</u>
<i>Total Net Assets</i>	<u>\$584,447</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, 2007*

	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	\$144,249			(\$144,249)
Public Safety	61,425	\$11,945		(49,480)
Public Works	519,745	16,916	\$110,983	(391,846)
Health	21,428	2,700		(18,728)
Capital Outlay	74,635			(74,635)
<i>Total Governmental Activities</i>	<u>\$821,482</u>	<u>\$31,561</u>	<u>\$110,983</u>	(678,938)
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		48,442
		Road and Bridge		392,027
		Cell Tower Rent		16,500
		Cable Franchise Fees		10,317
		Grants and Entitlements not Restricted to Specific Programs		170,557
		Sale of Capital Assets		16,900
		Interest		8,880
		Miscellaneous		15,653
		<i>Total General Receipts</i>		<u>679,276</u>
		Change in Net Assets		338
		<i>Net Assets Beginning of Year</i>		<u>584,109</u>
		<i>Net Assets End of Year</i>		<u>\$584,447</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, 2007*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$151,621	\$89,916	\$283,540	\$59,370	\$584,447
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$151,621				\$151,621
Special Revenue Funds		\$89,916	\$283,540	\$59,370	432,826
<i>Total Fund Balances</i>	<u>\$151,621</u>	<u>\$89,916</u>	<u>\$283,540</u>	<u>\$59,370</u>	<u>\$584,447</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, 2007*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$48,442		\$392,027	\$16,917	\$457,386
Intergovernmental	101,541	\$92,472	62,187	18,511	274,711
Special Assessments				11,945	11,945
Cable Franchise Fees	10,317				10,317
Interest	4,056	2,793		2,030	8,879
Other	22,173		19,508		41,681
<i>Total Receipts</i>	<u>186,529</u>	<u>95,265</u>	<u>473,722</u>	<u>49,403</u>	<u>804,919</u>
Disbursements					
Current:					
General Government	60,316		83,933		144,249
Public Safety	61,425				61,425
Public Works	23,169	107,927	308,820	79,829	519,745
Health	21,427				21,427
Capital Outlay			74,635		74,635
<i>Total Disbursements</i>	<u>166,337</u>	<u>107,927</u>	<u>467,388</u>	<u>79,829</u>	<u>821,481</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,192</u>	<u>(12,662)</u>	<u>6,334</u>	<u>(30,426)</u>	<u>(16,562)</u>
Other Financing Sources					
Sale of Capital Assets	16,900				16,900
<i>Net Change in Fund Balances</i>	37,092	(12,662)	6,334	(30,426)	338
<i>Fund Balances Beginning of Year</i>	<u>114,529</u>	<u>102,578</u>	<u>277,206</u>	<u>89,796</u>	<u>584,109</u>
<i>Fund Balances End of Year</i>	<u>\$151,621</u>	<u>\$89,916</u>	<u>\$283,540</u>	<u>\$59,370</u>	<u>\$584,447</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$43,200	\$43,200	\$48,442	\$5,242
Intergovernmental	71,825	71,825	101,541	29,716
Cable Franchise Fees	18,000	18,000	10,317	(7,683)
Interest	2,000	2,000	4,056	2,056
Other	6,000	6,000	22,173	16,173
<i>Total Receipts</i>	<u>141,025</u>	<u>141,025</u>	<u>186,529</u>	<u>45,504</u>
Disbursements				
Current:				
General Government	118,299	118,299	60,316	57,983
Public Safety	80,000	80,000	61,425	18,575
Public Works	61,617	61,617	23,169	38,448
Health	21,427	21,427	21,427	0
Capital Outlay	30,000	30,000		30,000
<i>Total Disbursements</i>	<u>311,343</u>	<u>311,343</u>	<u>166,337</u>	<u>145,006</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(170,318)</u>	<u>(170,318)</u>	<u>20,192</u>	<u>190,510</u>
Other Financing Sources				
Sale of Capital Assets			16,900	16,900
<i>Net Change in Fund Balance</i>	(170,318)	(170,318)	37,092	207,410
<i>Fund Balance Beginning of Year</i>	<u>114,529</u>	<u>114,529</u>	<u>114,529</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$55,789)</u>	<u>(\$55,789)</u>	<u>\$151,621</u>	<u>\$207,410</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$85,300	\$85,300	\$92,472	\$7,172
Interest	2,000	2,000	2,793	793
<i>Total Receipts</i>	<u>87,300</u>	<u>87,300</u>	<u>95,265</u>	<u>7,965</u>
Disbursements				
Current:				
General Government	46,000	46,000		46,000
Public Works	155,249	155,249	107,927	47,322
<i>Total Disbursements</i>	<u>201,249</u>	<u>201,249</u>	<u>107,927</u>	<u>93,322</u>
<i>Excess of Receipts Under Disbursements</i>	(113,949)	(113,949)	(12,662)	101,287
<i>Fund Balance Beginning of Year</i>	<u>102,578</u>	<u>102,578</u>	<u>102,578</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$11,371)</u>	<u>(\$11,371)</u>	<u>\$89,916</u>	<u>\$101,287</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$370,000	\$370,000	\$392,027	\$22,027
Intergovernmental	38,000	38,000	62,187	24,187
Other			19,508	19,508
<i>Total Receipts</i>	<u>408,000</u>	<u>408,000</u>	<u>473,722</u>	<u>65,722</u>
Disbursements				
Current:				
General Government	115,000	115,000	83,933	31,067
Public Works	403,046	403,046	308,820	94,226
Capital Outlay	100,000	100,000	74,635	25,365
<i>Total Disbursements</i>	<u>618,046</u>	<u>618,046</u>	<u>467,388</u>	<u>150,658</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(210,046)	(210,046)	6,334	216,380
<i>Fund Balance Beginning of Year</i>	<u>277,206</u>	<u>277,206</u>	<u>277,206</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$67,160</u></u>	<u><u>\$67,160</u></u>	<u><u>\$283,540</u></u>	<u><u>\$216,380</u></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, 2008 and 2007

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 pools. Note 11 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 2C, 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, 2008 and 2007
(Continued)

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 and 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, 2008 and 2007
(Continued)

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 2007 and 2008.

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 2008 and 2007 were \$10,512 and \$4,056, respectively.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

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 2008 and 2007, 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 road work.

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, 2008 and 2007
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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 Sections 5705.10, 5735.27 and Article XII, Section 5a of the Ohio Constitution, money intended for road disbursements were used to pay non-road related expenses.

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, 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.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

Note 5 – Deposits and Investments (Continued)

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;
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, 2008 and 2007, \$370,243 and \$496,892 of the Township's bank balance of \$620,243 and \$596,892 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.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

Note 5 – Deposits and Investments (Continued)

Investments

At December 31, 2008 and 2007, the Township had no investments.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 and 2008 for real and public utility property taxes represents collections of the 2006 and 2007 taxes. Property tax payments received during 2007 and 2008 for tangible personal property (other than public utility property) is for 2007 and 2008 taxes.

2007 and 2008 real property taxes are levied after October 1, 2007 and 2008 on the assessed values as of January 1, 2007 and 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 and 2008 real property taxes are collected in and intended to finance 2008 and 2009.

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. 2007 and 2008 public utility property taxes which became a lien on December 31, 2006 and 2007, are levied after October 1, 2007 and 2008, and are collected in 2008 and 2009 with real property taxes.

2007 and 2008 tangible property taxes are levied after October 1, 2006 and 2007, on the value as of December 31, 2006 and 2007. Collections are made in 2007 and 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2008 were \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2008 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>
Real Property		
Residential/Agriculture	\$96,508,460	\$93,406,560
Other Real	16,194,870	15,942,360
Tangible Personal Property	11,971,850	12,171,690
Public Utility	3,438,110	3,418,250
Total Assessed Value	<u>\$128,113,290</u>	<u>\$124,938,860</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.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

Note 7 – Public Entity Risk Pool

Risk Pool Membership

The Township belongs 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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: 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

Note 8 – Defined Benefit Pension Plan

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, 2008 and 2007, members in local classifications contributed 10 percent and 9.5 percent, of covered payroll, respectively.

The Township's contribution rate for 2008 and 2007 was 14 percent and 13.85 percent, respectively. For 2008, the employer contribution allocated to the health care plan was 7 percent of covered. For the period January 1, 2007 through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1, 2007 through December 31, 2007 this amount was increased to 6 percent. 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, 2008, 2007, and 2006 were \$22,300, \$21,633, and \$19,525 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 9 - Postemployment Benefits

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.

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

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007
(Continued)

Note 9 - Postemployment Benefits (Continued)

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 2008 and 2007, local government employers contributed 14 percent and 13.85 percent, respectively 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. For 2008, the amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1, 2007 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

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, 2008, 2007, and 2006 were \$11,150, \$8,500, and \$5,701 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

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.

Note 11 – Related Party Transactions

During 2008 and 2007, the Township paid an employee's separate lawn company \$3,750 and \$4,324, respectively, for mowing services.



Mary Taylor, CPA

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, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 18, 2009, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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 mandate 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is a material weakness.

We also noted certain matters that we reported to the Township's management in a separate letter dated September 18, 2009.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated September 18, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

September 18, 2009

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

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 2007, the Township expended \$7,107 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 Fiscal Officer's insurance reimbursement, not attributable to maintenance of roads.

Ohio Const. Art. XII, Section 5a 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(A)(5)(d)** 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 2007, the Township expended \$20,602 of gasoline tax revenue to pay for expenses that were not related to the purposes established for gasoline tax revenue. These expenses included Uniform Accounting Network fees, cemetery mowing, and Trustee salary not attributable to maintenance of roads.

During 2008, the Township expended \$3,750 of gasoline tax revenue to pay for cemetery mowing which is not related to the purposes established for gasoline tax revenue.

The use of the Township's gasoline excise tax revenue and Road and Bridge Fund revenue to pay the costs associated with those described above are not permissible expenditures of funds paid from the Gasoline Tax Fund and Road and Bridge 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. The Fiscal Officer has posted adjustments to the accounting system and the accompanying financial statements have been adjusted.

Additionally, during 2007, the Township sold capital assets in the amount of \$16,900 that was misposted to Miscellaneous Revenue. The amount should have been posted to Sale of Capital Assets. This adjustment is reflected on the accompanying financial statements.

Officials' Response: The Trustees and Fiscal Officer plan to pay mowing and UAN fees from the General Fund if monies are sufficient. If not, a transfer will be requested.

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

FINDING NUMBER 2008-002

Finding for Recovery – Repaid Under Audit

The Board of Trustees approved the pay rate of \$25.00 per hour on December 29, 2006 for Road Superintendent, Rodney Hofstetter.

Calculation errors were found on this employee's timesheet for the pay period August 1, 2007 – August 15, 2007 in which total regular hours paid exceeded actual hours worked by four hours and September 1, 2007 – September 15, 2007 in which total hours paid exceeded actual hours worked by 2 hours, resulting in a one hundred fifty dollar (\$150) over payment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28 a Finding for Recovery for public monies illegally expended is hereby issued against Rodney Hofstetter, Township Road Superintendent, in the amount of one hundred fifty dollars (\$150), and in favor of the Township's Road District Fund. The \$150 was repaid on October 5, 2009.

Officials' Response: The salary overpayment of Rodney Hofstetter has been paid back.

**SUGAR CREEK TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Section 5705.41(D)	Yes	Corrected
2006-002	Ohio Rev. Code Section 5705.10 (H) and Ohio Rev. Code Section 5735.27	No	Not Corrected. See Finding Number 2008-001.
2006-003	Ohio Rev. Code Section 505.24	No	Partially Corrected. See the Management Letter.



Mary Taylor, CPA
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 5, 2009**