



**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Sugar Creek Township  
20340 RD 18 S  
Ft. Jennings, Ohio 45844

We have reviewed the *Independent Auditor's Report* of Sugar Creek Township, Putnam County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. 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 black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 28, 2021

**This page intentionally left blank.**

**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020 .....	3
Notes to the Financial Statements For the Year Ended December 31, 2020 .....	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019 .....	12
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	20
Schedule of Audit Findings .....	22
Summary Schedule of Prior Audit Findings (Prepared by Management) .....	24

**This page intentionally left blank.**



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

September 14, 2021

Sugar Creek Township  
Putnam County  
20340 RD 18-S  
Fort Jennings, Ohio 45844

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of **Sugar Creek Township**, Putnam County, Ohio (the Township).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An Independently owned member  
**RSM US Alliance**



***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 11 for 2020 and Note 10 for 2019 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 12 to the 2020 financial statements, the Township adopted a change in accounting principle to their cash basis reporting model. We did not modify our opinions regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 38,049	\$ 117,576	\$ 155,625
Charges for Services	-	7,068	7,068
Licenses, Permits and Fees	-	5,245	5,245
Intergovernmental	24,645	161,656	186,301
Earnings on Investments	121	25	146
Miscellaneous	2,257	10,262	12,519
	<u>65,072</u>	<u>301,832</u>	<u>366,904</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	50,036	-	50,036
Public Safety	-	24,090	24,090
Public Works	-	199,937	199,937
Health	-	9,158	9,158
Capital Outlay	-	73,402	73,402
Debt Service:			
Principal Retirement	-	30,399	30,399
Interest and Fiscal Charges	-	875	875
	<u>50,036</u>	<u>337,861</u>	<u>387,897</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,036</u>	<u>(36,029)</u>	<u>(20,993)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	73,402	73,402
	<u>-</u>	<u>73,402</u>	<u>73,402</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<u>15,036</u>	<u>37,373</u>	<u>52,409</u>
<i>Fund Cash Balances, January 1</i>	<u>50,434</u>	<u>441,728</u>	<u>492,162</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 65,470</u>	<u>\$ 479,101</u>	<u>\$ 544,571</u>

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

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sugar Creek Township, Putnam County, (the Township) as a body corporate and politic. A publicly elected three- member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Villages of Kalida, Columbus Grove and Fort Jennings to provide fire protection.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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**

***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 accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Special Fire Levy*** The fire levy fund receives proceeds from a levy to pay for contracted fire services to protect residents of the Township.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Special Road Levy*** The road levy fund receives proceeds from a levy to pay for contracted road maintenance in the Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had no significant capital projects in 2020.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and are reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 69,779	\$ 65,072	\$ (4,707)
Special Revenue	310,443	375,234	64,791
Total	\$ 380,222	\$ 440,306	\$ 60,084

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,214	\$ 50,036	\$ 70,178
Special Revenue	747,757	337,861	409,896
Total	\$ 867,971	\$ 387,897	\$ 480,074

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2020
Demand deposits	\$ 544,571
Total deposits	\$ 544,571

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 4 – Deposits (Continued)**

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$1,924 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and letters of credit drawn on the Federal Home Loan Bank of Cincinnati.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 – Risk Management**

Sugar Creek Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of Sugar Creek Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and Investments	\$ 35,207,320
Actuarial Liabilities	\$ 10,519,942

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 6 – Risk Management (Continued)**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Building Mortgage	\$ 18,659	3%
John Deere Lease	57,542	4%
Total	\$ 76,201	

The Township entered into an open-ended mortgage in 2004. The mortgage is for 20 years with the final payment due in 2022. There is no statutory authority for the Township to enter into this type of debt agreement. The Trustees passed a Resolution on February 7, 2018 to request removing the township building as collateral on the note at the Fort Jennings State Bank and lowering the interest rate on said note from 4% to 3%.

**Leases**

The Township leases vehicles under noncancelable leases. The Township disbursed \$15,860 to pay lease costs for the year ended December 31, 2020.

**Amortization**

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

Year Ending December 31:	John Deere Lease	Building Mortgage
2021	\$ 15,860	\$ 15,414
2022	\$ 15,860	3,760
2023	\$ 15,860	-
2024	\$ 15,860	-
Total	\$ 63,440	\$ 19,174

**Note 10 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Township had no outstanding encumbrances at December 31, 2020.

The fund balance of special revenue funds is either restricted or committed. These restricted committed and assigned amounts in the special revenue funds would include the outstanding encumbrances, if applicable. In the general fund, outstanding encumbrances are considered assigned, if applicable.



**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 36,802	\$ 110,671	\$ -	\$ 147,473
Charges for Services	-	7,068	-	7,068
Licenses, Permits and Fees	-	2,612	-	2,612
Intergovernmental	24,468	136,436	21,500	182,404
Earnings on Investments	442	56	-	498
Miscellaneous	728	1,493	-	2,221
<i>Total Cash Receipts</i>	<u>62,440</u>	<u>258,336</u>	<u>21,500</u>	<u>342,276</u>
<b>Cash Disbursements</b>				
Current:				
General Government	58,919	-	-	58,919
Public Safety	-	22,012	-	22,012
Public Works	-	189,716	-	189,716
Health	-	4,178	-	4,178
Capital Outlay	-	-	21,500	21,500
Debt Service:				
Principal Retirement	-	14,111	-	14,111
Interest and Fiscal Charges	-	1,303	-	1,303
<i>Total Cash Disbursements</i>	<u>58,919</u>	<u>231,320</u>	<u>21,500</u>	<u>311,739</u>
<i>Net Change in Fund Cash Balances</i>	3,521	27,016	-	30,537
<i>Fund Cash Balances, January 1</i>	<u>46,913</u>	<u>414,712</u>	<u>-</u>	<u>461,625</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	391,110	-	391,110
Committed	-	50,618	-	50,618
Assigned	50,434	-	-	50,434
<i>Fund Cash Balances, December 31</i>	<u>\$ 50,434</u>	<u>\$ 441,728</u>	<u>\$ -</u>	<u>\$ 492,162</u>

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

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sugar Creek Township, Putnam County, (the Township) as a body corporate and politic. A publicly elected three- member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Villages of Kalida, Columbus Grove and Fort Jennings to provide fire protection.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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 accounts for and reports all financial resources not accounted for and reported 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.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Special Fire Levy*** The fire levy fund receives proceeds from a levy to pay for contracted fire services to protect residents of the Township.

***Special Road Levy*** The road levy fund receives proceeds from a levy to pay for contracted road maintenance in the Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had no significant capital projects in 2019.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and are reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 68,903	\$ 62,440	\$ (6,463)
Special Revenue	245,135	258,336	13,201
Capital Projects	14,500	21,500	7,000
Total	\$ 328,538	\$ 342,276	\$ 13,738

  

2019 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 115,816	\$ 58,919	\$ 56,897
Special Revenue	655,434	231,320	424,114
Capital Projects	21,500	21,500	-
Total	\$ 792,750	\$ 311,739	\$ 481,011

**Note 4 – Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2019
Demand deposits	\$ 492,162
Total deposits	\$ 492,162

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 4 – Deposits and Investments (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and letters of credit drawn on the Federal Home Loan Bank of Cincinnati.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk pool membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 6 – Risk Management (Continued)**

***Risk pool membership (Continued)***

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and Investments	\$ 33,097,416
Actuarial Liabilities	\$ 7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

***Social Security***

Some Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.



**SUGAR CREEK TOWNSHIP**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Building Mortgage	\$ 33,198	3%
Total	\$ 33,198	

The Township entered into an open-ended mortgage in 2004. The mortgage is for 20 years with the final payment due in 2022. There is no statutory authority for the Township to enter into this type of debt agreement. The Trustees passed a Resolution on February 7, 2018 to request removing the township building as collateral on the note at the Fort Jennings State Bank and lowering the interest rate on said note from 4% to 3%.

***Amortization***

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

Year Ending December 31:	Building Mortgage
2020	\$ 15,414
2021	15,414
2022	3,773
Total	\$ 34,601

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
 FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
 REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 14, 2021

Sugar Creek Township  
 Putnam County  
 20340 RD 18-S  
 Fort Jennings, Ohio 45844

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of the Sugar Creek Township, Putnam County, (the Township) and have issued our report thereon dated September 14, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township. In addition the Township adopted a change in its cash basis reporting model.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township’s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2020-001**

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balances**

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2020, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- In 2020, Debt activity was not always accurately recorded on the financial statements.
- In 2019 the Road and Bridge fund balance was not properly classified.
- In 2019 and 2020 the notes of the financial statements was filed successfully but were missing certain note disclosures and other note disclosures were adjusted to agree to the financial statements.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management’s Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2020-002**

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision’s fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
----------------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2020-002 (Continued)**

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
  
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
  
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 33% of the expenditures tested for 2019.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

**SUGAR CREEK TOWNSHIP  
PUTNAM COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Appropriations and estimated receipts posted in the accounting system did not always agree to the council approved Appropriations or the amended certificate of estimated Resources filed with the County Auditor. Ohio Revised Code Section 5705.41(D), Ohio Revised Code Section 5705.39	Partially Corrected See Finding 2020-002	Compliance for 5705.41(D) has not been fully corrected.

# OHIO AUDITOR OF STATE KEITH FABER



**SUGAR CREEK TOWNSHIP**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/9/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)