



Mary Taylor, CPA
Auditor of State

**SUGARCREEK TOWNSHIP
STARK COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sugarcreek Township
Stark County
P.O. Box 432
Beach City, Ohio 44608

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 Sugarcreek Township, Stark 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 processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Stark County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District, and Road District funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 10, 2009

**Sugarcreek Township
Stark County**

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of the Sugarcreek 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 modified 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 2008 are as follows:

Net assets of governmental activities decreased \$61,731, or 23 percent in 2008, a significant change from the prior year. The decrease was the result of spending carry over funds to repair several township roads after a harsh winter.

The Township's general receipts are primarily property taxes. These receipts represent 73 percent of the general receipts received for governmental activities during the year.

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$59,964, or 28 percent, a significant change from the prior year. The increase was the result of the township receiving over \$81,000 in Estate Tax during 2007.

The Township's general receipts are primarily property taxes. These receipts represent 67 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.

**Sugarcreek Township
Stark County**

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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 Government 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 and investments 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 or capital 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 condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, 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 Township consists of one type of activity:

Governmental activities. All of the Township's basic services are reported here, primarily, road repair and maintenance. The Township contracts police, fire, and emergency services. 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 funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - 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 Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Fire District, and Road District. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Sugarcreek Township
Stark 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	\$209,547	\$271,278	\$211,314
Net Assets			
Restricted for:			
Other Purposes	\$115,604	\$201,231	\$205,727
Unrestricted	93,943	70,047	5,587
Total Net Assets	\$209,547	\$271,278	\$211,314

As mentioned previously, net assets of governmental activities decreased \$ 61,731 or 23 percent during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- The decrease in property tax collections.
- Spending carry over funds to repair several township roads after a harsh winter.
- As mentioned previously, net assets of governmental activities increased \$59,964 or 67 percent during 2007. The primary reasons contributing to the increase in the cash balance is the receipt of over \$81,000 in Estate Tax.

**Sugarcreek Township
Stark County**

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
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Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$124,854	\$117,675	\$120,434
Capital Grants and Contributions	28,980		
Total Program Receipts	<u>153,834</u>	<u>117,675</u>	<u>120,434</u>
General Receipts:			
Property and Other Local Taxes	313,822	346,800	325,114
Other Taxes	55,793	45,428	
Grants and Entitlements Not Restricted to Specific Programs	57,058	120,176	75,491
Interest	2,422	1,738	1,082
Miscellaneous	551		1,174
Total General Receipts	<u>429,646</u>	<u>514,142</u>	<u>402,861</u>
Total Receipts	<u>583,480</u>	<u>631,817</u>	<u>523,295</u>
Disbursements:			
General Government	125,516	140,538	90,081
Public Safety	111,361	116,929	111,788
Public Works	363,001	308,597	250,101
Other	45,333	5,789	10,187
Total Disbursements	<u>645,211</u>	<u>571,853</u>	<u>462,157</u>
Increase (Decrease) in Net Assets	(61,731)	59,964	61,138
Net Assets, January 1	<u>271,278</u>	<u>211,314</u>	<u>150,176</u>
Net Assets, December 31	<u>\$209,547</u>	<u>\$271,278</u>	<u>\$211,314</u>

Program receipts represent only 26 percent of total receipts during 2008 and 19 percent of total receipts during 2007. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 74 percent of total receipts during 2008 and 81 percent of total receipts during 2007 of the Township's total receipts, and of this amount, over 73 percent in 2008 and 67 percent in 2007 are local taxes. State and federal grants and entitlements make up the majority of the balance of the Township's general receipts (13 percent during 2008 and 23 percent during 2007). Other receipts are insignificant and somewhat unpredictable revenue sources.

**Sugarcreek Township
Stark County**

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

Public Safety are the costs of police and fire protection, and emergency services. Public Works are the costs of maintaining the Township roads.

Governmental Activities

If you look at the Statement of Activities, 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 are for public works, which account for 56 percent during 2008 and 54 percent during 2007 of all governmental disbursements. General government also represents a significant cost, about 19 percent during 2008 and 25 percent during 2007. The next column 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	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$125,516	\$110,676	\$140,538	\$129,413
Public Safety	111,361	111,361	116,929	116,929
Public Works	363,001	224,007	308,597	202,047
Capital Outlay	45,333	45,333	5,789	5,789
Total	\$645,211	\$491,377	\$571,853	\$454,178

The dependence upon property tax receipts is apparent as over 49 percent during 2008 and 61 percent during 2007 of governmental activities are supported through these general receipts.

The increase in capital outlay in 2008 from 2007 was the result of an OPWC project which was paid for during 2008.

The Township's Funds

Total governmental funds had receipts of \$583,480 during 2008 and \$631,817 during 2007 and disbursements of \$645,211 during 2008 and \$571,853 during 2007. The greatest change for 2008 within governmental funds occurred within the Gasoline Tax, Road and Bridge, and Road District funds. The fund balances of these funds decreased due to the repair of several township roads after a harsh winter. The greatest change for 2008 within governmental funds occurred within the General Fund. The General Fund balance increased due to the receipt of over \$81,000 in Estate Tax.

**Sugarcreek Township
Stark County**

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For the Years Ended December 31, 2008 and 2007
Unaudited

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. Final budgeted receipts did not change from original budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant. Final disbursements were budgeted at \$157,015 while actual disbursements were \$86,168, because the township budgets all resources available for appropriation.

During 2007, the Township changed its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant. Final disbursements were budgeted at \$161,915 while actual disbursements were \$104,460, because the Township budgets all resources available for appropriation.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and intergovernmental receipts. The rising costs of providing services combined with the recent economic downturn will create budget challenges for the Township in the years to come. The Township's trustees, Fiscal Officer and road crew are committed to work within budget while continuing to provide the same quality road repair and maintenance the Township has always provided.

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 Mark A. Phillips, CPA, Fiscal Officer, Sugarcreek Township, P.O. Box 432, Beach City, Ohio 44608.

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2008*

	Governmental Activities
Assets	
Equity in Pooled Cash	<u>\$209,547</u>
Net Assets	
Restricted for:	
Other Purposes	\$115,604
Unrestricted	<u>93,943</u>
<i>Total Net Assets</i>	<u>\$209,547</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$125,516	\$14,840		(\$110,676)
Public Safety	111,361			(111,361)
Public Works	363,001	110,014	\$28,980	(224,007)
Capital Outlay	45,333			(45,333)
<i>Total Governmental Activities</i>	<u>\$645,211</u>	<u>\$124,854</u>	<u>\$28,980</u>	491,377
		General Receipts		
		Property Taxes		314,151
		Grants and Entitlements not Restricted to Specific Programs		108,803
		Sale of Capital Assets		551
		Special Assessments		3,719
		Earning on Investments		2,422
		<i>Total General Receipts</i>		429,646
		Change in Net Assets		(61,731)
		<i>Net Assets Beginning of Year</i>		<u>271,278</u>
		<i>Net Assets End of Year</i>		<u>\$209,547</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008*

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash	\$93,943	\$10,940	\$37,745	\$1,397	\$50,242	\$15,280	\$209,547
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$862	\$500	\$2,616		\$835	\$319	\$5,132
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	93,081						93,081
Special Revenue Funds		10,440	35,129	\$1,397	49,407	14,961	111,334
<i>Total Fund Balances</i>	<u>\$93,943</u>	<u>\$10,940</u>	<u>\$37,745</u>	<u>\$1,397</u>	<u>\$50,242</u>	<u>\$15,280</u>	<u>\$209,547</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$38,202		\$88,433	\$91,136	\$96,380		\$314,151
Intergovernmental	68,325	\$81,816	16,735	17,674	19,626	\$58,462	262,638
Special Assessments						3,719	3,719
Earnings on Investments	2,125	203				93	2,421
<i>Total Receipts</i>	<u>108,652</u>	<u>82,019</u>	<u>105,168</u>	<u>108,810</u>	<u>116,006</u>	<u>62,274</u>	<u>582,929</u>
Disbursements							
Current:							
General Government	85,104		750				85,854
Public Safety				111,360			111,360
Public Works	203	108,382	126,444		144,958	22,677	402,664
Capital Outlay			16,353			28,980	45,333
<i>Total Disbursements</i>	<u>85,307</u>	<u>108,382</u>	<u>143,547</u>	<u>111,360</u>	<u>144,958</u>	<u>51,657</u>	<u>645,211</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	23,345	(26,363)	(38,379)	(2,550)	(28,952)	10,617	(62,282)
Other Financing Sources (Uses)							
Sale of Capital Assets	551						551
<i>Net Change in Fund Balances</i>	23,896	(26,363)	(38,379)	(2,550)	(28,952)	10,617	(61,731)
<i>Fund Balances Beginning of Year</i>	<u>70,047</u>	<u>37,303</u>	<u>76,124</u>	<u>3,947</u>	<u>79,194</u>	<u>4,663</u>	<u>271,278</u>
<i>Fund Balances End of Year</i>	<u>\$93,943</u>	<u>\$10,940</u>	<u>\$37,745</u>	<u>\$1,397</u>	<u>\$50,242</u>	<u>\$15,280</u>	<u>\$209,547</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$35,293	\$35,293	\$38,202	\$2,909
Intergovernmental	50,486	50,486	68,325	17,839
Earnings on Investments	1,200	1,200	2,125	925
<i>Total Receipts</i>	<u>86,979</u>	<u>86,979</u>	<u>108,652</u>	<u>21,673</u>
Disbursements				
Current:				
General Government	156,797	156,797	85,968	70,829
Public Works	217	217	201	16
Capital Outlay	1	1		1
<i>Total Disbursements</i>	<u>157,015</u>	<u>157,015</u>	<u>86,169</u>	<u>70,846</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(70,036)</u>	<u>(70,036)</u>	<u>22,483</u>	<u>92,519</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			551	551
<i>Net Change in Fund Balance</i>	(70,036)	(70,036)	23,034	93,070
<i>Unencumbered Cash Balance Beginning of Year</i>	68,793	68,793	68,793	0
Prior Year Encumbrances Appropriated	1,254	1,254	1,254	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$11</u>	<u>\$11</u>	<u>\$93,081</u>	<u>\$93,070</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$94,850	\$94,850	81,816	(13,034)
Earnings on Investments	150	150	203	53
<i>Total Receipts</i>	<u>95,000</u>	<u>95,000</u>	<u>82,019</u>	<u>(12,981)</u>
Disbursements				
Current:				
General Government	39,050	40,310	39,662	648
Public Works	92,502	91,242	69,220	22,022
Capital Outlay	751	751		751
<i>Total Disbursements</i>	<u>132,303</u>	<u>132,303</u>	<u>108,882</u>	<u>23,421</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	(37,303)	(37,303)	(26,863)	10,440
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>37,303</u>	<u>37,303</u>	<u>37,303</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$10,440</u>	<u>\$10,440</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$91,979	\$91,979	\$88,433	(\$3,546)
Intergovernmental	17,829	17,829	16,734	(1,095)
<i>Total Receipts</i>	<u>109,808</u>	<u>109,808</u>	<u>105,167</u>	<u>(4,641)</u>
Disbursements				
Current:				
General Government	750	750	750	0
Public Works	158,893	164,893	128,060	36,833
Capital Outlay	24,417	18,417	17,353	1,064
<i>Total Disbursements</i>	<u>184,060</u>	<u>184,060</u>	<u>146,163</u>	<u>37,897</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(74,252)</u>	<u>(74,252)</u>	<u>(40,996)</u>	<u>33,256</u>
<i>Net Change in Fund Balance</i>	<u>(74,252)</u>	<u>(74,252)</u>	<u>(40,996)</u>	<u>33,256</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	75,703	75,703	75,703	0
Prior Year Encumbrances Appropriated	422	422	422	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,873</u>	<u>\$1,873</u>	<u>\$35,129</u>	<u>\$33,256</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District 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	\$94,641	\$94,641	\$91,136	(\$3,505)
Intergovernmental	16,296	16,296	17,674	1,378
<i>Total Receipts</i>	<u>110,937</u>	<u>110,937</u>	<u>108,810</u>	<u>(2,127)</u>
Disbursements				
Current:				
Public Safety	114,692	114,692	111,360	3,332
<i>Total Disbursements</i>	<u>114,692</u>	<u>114,692</u>	<u>111,360</u>	<u>3,332</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(3,755)</u>	<u>(3,755)</u>	<u>(2,550)</u>	<u>1,205</u>
<i>Net Change in Fund Balance</i>	(3,755)	(3,755)	(2,550)	1,205
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>3,947</u>	<u>3,947</u>	<u>3,947</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$192</u>	<u>\$192</u>	<u>\$1,397</u>	<u>\$1,205</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$99,816	\$99,816	\$96,380	(\$3,436)
Intergovernmental	18,123	18,123	19,626	1,503
<i>Total Receipts</i>	<u>117,939</u>	<u>117,939</u>	<u>116,006</u>	<u>(1,933)</u>
Disbursements				
Current:				
Public Works	195,962	195,962	145,793	50,169
<i>Total Disbursements</i>	<u>195,962</u>	<u>195,962</u>	<u>145,793</u>	<u>50,169</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(78,023)</u>	<u>(78,023)</u>	<u>(29,787)</u>	<u>48,236</u>
<i>Net Change in Fund Balance</i>	<u>(78,023)</u>	<u>(78,023)</u>	<u>(29,787)</u>	<u>48,236</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	77,994	77,994	77,994	0
Prior Year Encumbrances Appropriated	1,200	1,200	1,200	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,171</u>	<u>\$1,171</u>	<u>\$49,407</u>	<u>\$48,236</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash	<u>\$271,278</u>
Net Assets	
Restricted for:	
Other Purposes	\$201,231
Unrestricted	<u>70,047</u>
<i>Total Net Assets</i>	<u>\$271,278</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$140,538	\$11,125	(\$129,413)
Public Safety	116,929		(116,929)
Public Works	308,597	106,550	(202,047)
Capital Outlay	5,789		(5,789)
<i>Total Governmental Activities</i>	<u>\$571,853</u>	<u>\$117,675</u>	(454,178)
		General Receipts	
		Property Taxes	347,143
		Grants and Entitlements not Restricted to Specific Programs	161,613
		Special Assessments	3,648
		Earning on Investments	1,738
		<i>Total General Receipts</i>	<u>514,142</u>
		Change in Net Assets	59,964
		<i>Net Assets Beginning of Year</i>	<u>211,314</u>
		<i>Net Assets End of Year</i>	<u>\$271,278</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash	\$70,047	\$37,303	\$76,124	\$3,947	\$79,194	\$4,663	\$271,278
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$1,254		\$421		\$1,200	\$315	\$3,190
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	68,793						68,793
Special Revenue Funds		\$37,303	75,703	\$3,947	77,994	4,348	199,295
Total Fund Balances	<u>\$70,047</u>	<u>\$37,303</u>	<u>\$76,124</u>	<u>\$3,947</u>	<u>\$79,194</u>	<u>\$4,663</u>	<u>\$271,278</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$41,856		\$97,017	\$102,090	\$106,180		\$347,143
Intergovernmental	128,628	\$88,980	13,281	14,066	15,490	\$18,843	279,288
Special Assessments						3,648	3,648
Earnings on Investments	1,561	149				28	1,738
<i>Total Receipts</i>	<u>172,045</u>	<u>89,129</u>	<u>110,298</u>	<u>116,156</u>	<u>121,670</u>	<u>22,519</u>	<u>631,817</u>
Disbursements							
Current:							
General Government	103,032		744				103,776
Public Safety				116,929			116,929
Public Works	175	91,993	95,813		131,887	25,491	345,359
Capital Outlay			5,789				5,789
<i>Total Disbursements</i>	<u>103,207</u>	<u>91,993</u>	<u>102,346</u>	<u>116,929</u>	<u>131,887</u>	<u>25,491</u>	<u>571,853</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	68,838	(2,864)	7,952	(773)	(10,217)	(2,972)	59,964
Other Financing Sources (Uses)							
Transfers In		4,378					4,378
Transfers Out	(4,378)						(4,378)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,378)</u>	<u>4,378</u>					<u>0</u>
<i>Net Change in Fund Balances</i>	64,460	1,514	7,952	(773)	(10,217)	(2,972)	59,964
<i>Fund Balances Beginning of Year</i>	<u>5,587</u>	<u>35,789</u>	<u>68,172</u>	<u>4,720</u>	<u>89,411</u>	<u>7,635</u>	<u>211,314</u>
<i>Fund Balances End of Year</i>	<u>\$70,047</u>	<u>\$37,303</u>	<u>\$76,124</u>	<u>\$3,947</u>	<u>\$79,194</u>	<u>\$4,663</u>	<u>\$271,278</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$35,160	\$35,160	\$41,856	\$6,696
Intergovernmental	43,204	124,746	128,628	3,882
Earnings on Investments	800	800	1,561	761
<i>Total Receipts</i>	<u>79,164</u>	<u>160,706</u>	<u>172,045</u>	<u>11,339</u>
Disbursements				
Current:				
General Government	84,550	161,713	104,261	57,452
Public Works	200	200	200	0
Capital Outlay	1	1		1
<i>Total Disbursements</i>	<u>84,751</u>	<u>161,914</u>	<u>104,461</u>	<u>57,453</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(5,587)</u>	<u>(1,208)</u>	<u>67,584</u>	<u>68,792</u>
Other Financing Sources (Uses)				
Transfers Out		(4,378)	(4,378)	0
<i>Net Change in Fund Balance</i>	(5,587)	(5,586)	63,206	68,792
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>5,587</u>	<u>5,587</u>	<u>5,587</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$0</u>	<u>\$1</u>	<u>\$68,793</u>	<u>\$68,792</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$77,800	\$77,800	\$88,980	11,180
Earnings on Investments	200	200	149	(51)
<i>Total Receipts</i>	<u>78,000</u>	<u>78,000</u>	<u>89,129</u>	<u>11,129</u>
Disbursements				
Current:				
General Government	38,078	38,103	36,762	1,341
Public Works	75,709	75,684	55,230	20,454
Capital Outlay	1	1		1
<i>Total Disbursements</i>	<u>113,788</u>	<u>113,788</u>	<u>91,992</u>	<u>21,796</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	(35,788)	(35,788)	(2,863)	32,925
Other Financing Sources				
Transfers In		4,378	4,378	0
<i>Net Change in Fund Balance</i>	(35,788)	(31,410)	1,515	32,925
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>35,788</u>	<u>35,788</u>	<u>35,788</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$0</u>	<u>\$4,378</u>	<u>\$37,303</u>	<u>\$32,925</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK 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
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$85,351	\$85,351	\$97,017	\$11,666
Intergovernmental	14,215	14,215	13,281	(934)
<i>Total Receipts</i>	<u>99,566</u>	<u>99,566</u>	<u>110,298</u>	<u>10,732</u>
Disbursements				
Current:				
General Government	715	744	744	0
Public Works	146,196	161,167	96,234	64,933
Capital Outlay	20,827	5,827	5,789	38
<i>Total Disbursements</i>	<u>167,738</u>	<u>167,738</u>	<u>102,767</u>	<u>64,971</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(68,172)</u>	<u>(68,172)</u>	<u>7,531</u>	<u>75,703</u>
<i>Net Change in Fund Balance</i>	(68,172)	(68,172)	7,531	75,703
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>68,172</u>	<u>68,172</u>	<u>68,172</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$75,703</u>	<u>\$75,703</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District 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	\$93,439	\$97,939	\$102,090	\$4,151
Intergovernmental	15,472	15,472	14,066	(1,406)
<i>Total Receipts</i>	<u>108,911</u>	<u>113,411</u>	<u>116,156</u>	<u>2,745</u>
Disbursements				
Current:				
Public Safety	113,631	118,131	116,929	1,202
<i>Total Disbursements</i>	<u>113,631</u>	<u>118,131</u>	<u>116,929</u>	<u>1,202</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(4,720)</u>	<u>(4,720)</u>	<u>(773)</u>	<u>3,947</u>
<i>Net Change in Fund Balance</i>	(4,720)	(4,720)	(773)	3,947
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>4,720</u>	<u>4,720</u>	<u>4,720</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$3,947</u></u>	<u><u>\$3,947</u></u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$97,302	\$97,302	\$106,180	\$8,878
Intergovernmental	17,334	17,334	15,490	(1,844)
<i>Total Receipts</i>	<u>114,636</u>	<u>114,636</u>	<u>121,670</u>	<u>7,034</u>
Disbursements				
Current:				
Public Works	204,047	204,047	133,087	70,960
<i>Total Disbursements</i>	<u>204,047</u>	<u>204,047</u>	<u>133,087</u>	<u>70,960</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(89,411)</u>	<u>(89,411)</u>	<u>(11,417)</u>	<u>77,994</u>
<i>Net Change in Fund Balance</i>	(89,411)	(89,411)	(11,417)	77,994
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>89,411</u>	<u>89,411</u>	<u>89,411</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$77,994</u></u>	<u><u>\$77,994</u></u>

See accompanying notes to the basic financial statements

**Sugarcreek Township
Stark County**

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

Note 1 – Reporting Entity

The Sugarcreek Township, Stark 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, and maintenance of Township roads. The Township contracts with the Stark County Sheriff's Department to provide police protection. Fire protection and emergency medical services are provided by Wilmot Fire and Rescue, the Village of Beach City, and the Village of Brewster through a two-year agreement with the Township.

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.

Sugarcreek Township has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in a jointly governed organization which is the Stark County Regional Planning Commission. The Stark County Regional Planning Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions, and services of the county.

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

**Sugarcreek Township
Stark County**

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

Note 2 – Summary of Significant Accounting Policies

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

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township does not report any business-type activities.

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 and business-type 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.

**Sugarcreek Township
Stark County**

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

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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, Road and Bridge Fund, Fire District Fund, and Road District 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. The Fire District Fund is used to account for fire levy monies to provide fire protection and ambulance services to township residents. The Township contracts with the Village of Brewster, Village of Beach City, and Wilmot Fire and Rescue, Inc. for those services. The Road District Fund is used to account for property tax money for constructing, maintaining and repairing Township roads.

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. Any such modifications made by the Township are described in the appropriate section in this note.

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 alternate tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The alternate 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

**Sugarcreek Township
Stark County**

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

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

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

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 \$2,125 and \$1,561, respectively.

F. Restricted Assets

Cash is 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.

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.

**Sugarcreek Township
Stark County**

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

Note 2 – Summary of Significant Accounting Policies (continued)

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 7 and 8, 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 constructing, maintaining, and repairing Township roads and for fire protection services. 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.

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. Reserves have been established for encumbrances.

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 and after nonoperating receipts/disbursements in proprietary 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 – 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 and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

**Sugarcreek Township
Stark County**

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

Note 4 – Deposits and Investments

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

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

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

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

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

1. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
2. 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;
3. 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, the bank balance of \$227,450 was all collateralized and none was exposed to custodial credit risk. At December 31, 2007, \$197,856 of the Township's bank balance of \$297,856, were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution to the Township.

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.

**Sugarcreek Township
Stark County**

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

Note 4 – Deposits and Investments (continued)

Investments

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

Note 5 – 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 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property Tax receipts received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2008 and 2007 for tangible personal property (other than public utility property) is for 2008 and 2007 taxes.

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

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by state law at thirty-five percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes that become a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. 2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 12.50 percent of true value. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 and 2006 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.

**Sugarcreek Township
Stark County**

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

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the years ended December 31, 2008 and 2007 were \$7.70 and \$7.70 per \$1,000 of assessed value, respectively. The assessed values of real and personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>
Real Property	\$93,330,090	\$93,456,810
Public Utility Property	1,797,510	2,724,910
Tangible Personal Property	3,341,596	6,347,219
Total Assessed Values	<u>\$98,469,196</u>	<u>\$102,528,939</u>

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation. There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

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 for the 15 percent casualty and the 10 percent property portions the Plan retains. The Plan retains the lesser of 15 percent or \$37,500 of casualty losses and the lesser of 10 percent 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.

**Sugarcreek Township
Stark County**

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

Note 6 – Risk Management (continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

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

Note 7 – Defined Benefit Pension Plan

All Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - 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.
3. The Combined Plan - 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.

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.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**Sugarcreek Township
Stark County**

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

Note 7 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

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 \$15,921, \$13,901, and \$12,787, respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 432125-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. State employers contributed at a rate of 14.0 percent in 2008 and 13.77 percent in 2007 of covered payroll, local government employer units contributed at 14.0 percent in 2008 and 13.85 percent in 2007 of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

**Sugarcreek Township
Stark County**

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

Note 8 - Postemployment Benefits (continued)

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The employer contribution allocated to the health care plan was 7.0 percent in 2008 and 6.0 percent in 2007 of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The rates stated above, are the actuarially determined contribution requirements for OPERS. The Township's actual contributions for 2008 and 2007 that were used to fund post-employment benefits were \$15,921 and \$13,901, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 9 – 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.

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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 STANDARD

Sugarcreek Township
Stark County
P.O. Box 432
Beach City, Ohio 44608

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 Sugarcreek Township, Stark 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 10, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also note 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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.

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.

Sugarcreek Township
Stark County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated September 10, 2009.

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 10, 2009



Mary Taylor, CPA
Auditor of State

SUGARCREEK TOWNSHIP

STARK 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**