



Mary Taylor, CPA
Auditor of State

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

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Mary Taylor, CPA
Auditor of State

Sugarcreek Township
Tuscarawas County
225 Rhine Street
Sugarcreek, Ohio 44681

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

July 23, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sugarcreek Township
Tuscarawas County
225 Rhine Street
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the accompanying financial statements of Sugarcreek Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Sugarcreek Township, Tuscarawas County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2010, 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.



Mary Taylor, CPA
Auditor of State

July 23, 2010

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes	\$101,244	\$197,913	\$23,635	\$322,792
Licenses, Permits, and Fees		7,950		7,950
Intergovernmental	82,594	99,909		182,503
Special Assessments	2,351			2,351
Earnings on Investments	538	36		574
Miscellaneous	576	10,478		11,054
	187,303	316,286	23,635	527,224
Cash Disbursements:				
Current:				
General Government	131,516	4,839		136,355
Public Safety		38,994		38,994
Public Works		218,002		218,002
Health		25,574		25,574
Debt Service:				
Redemption of Principal			22,449	22,449
Interest and Other Fiscal Charges			1,186	1,186
	131,516	287,409	23,635	442,560
Total Receipts Over/(Under) Disbursements	55,787	28,877	0	84,664
Other Financing Receipts / (Disbursements):				
Other Financing Sources	499			499
	499	0	0	499
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	56,286	28,877		85,163
Fund Cash Balances, January 1	2,133	160,727		162,860
Fund Cash Balances, December 31	\$58,419	\$189,603	\$0	\$248,023
Reserve for Encumbrances, December 31	\$643	\$881	\$0	\$1,524

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

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$7</u>
Fund Cash Balances, January 1	<u>2,520</u>
Fund Cash Balances, December 31	<u><u>\$2,527</u></u>

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

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$81,386	\$176,343	\$23,771	\$281,500
Licenses, Permits, and Fees		7,950		7,950
Intergovernmental	52,941	124,649		177,590
Special Assessments	1,134			1,134
Earnings on Investments	1,853	195		2,048
Miscellaneous	1,708	11,825		13,533
Total Cash Receipts	<u>139,022</u>	<u>320,962</u>	<u>23,771</u>	<u>483,755</u>
Cash Disbursements:				
Current:				
General Government	147,941	6,100		154,041
Public Safety		36,770		36,770
Public Works		225,868		225,868
Health		36,182		36,182
Debt Service:				
Redemption of Principal			21,382	21,382
Interest and Other Fiscal Charges			2,389	2,389
Total Cash Disbursements	<u>147,941</u>	<u>304,920</u>	<u>23,771</u>	<u>476,632</u>
Total Receipts Over/(Under) Disbursements	<u>(8,919)</u>	<u>16,042</u>	<u>0</u>	<u>7,123</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	100			100
Total Other Financing Receipts/(Disbursements)	<u>100</u>	<u>0</u>	<u>0</u>	<u>100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(8,819)	16,042		7,223
Fund Cash Balances, January 1	<u>10,952</u>	<u>144,685</u>		<u>155,637</u>
Fund Cash Balances, December 31	<u><u>\$2,133</u></u>	<u><u>\$160,727</u></u>	<u><u>\$0</u></u>	<u><u>\$162,860</u></u>
Reserve for Encumbrances, December 31	<u>\$194</u>	<u>\$180</u>	<u>\$0</u>	<u>\$374</u>

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

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$26</u>
Fund Cash Balances, January 1	<u>2,494</u>
Fund Cash Balances, December 31	<u><u>\$2,520</u></u>

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

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Sugarcreek Township, Tuscarawas 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Sugarcreek Volunteer Fire Department to provide fire services and Swiss Valley Joint Ambulance District Emergency to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. 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.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

The Township maintains all cash in an interest bearing checking account.

D. 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

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

Cemetery Fund - This fund is used to account for operating and maintaining Township cemeteries.

Fire and Ambulance Levy Fund - This fund is used to account for tax money levied to provide fire and ambulance services to residents of the Township.

3. Debt Service Funds

These funds account for resources the Township accumulates to pay debt.

4. Fiduciary Funds

Fiduciary funds include trust funds. Trust funds account for assets held under a legally binding trust agreement. The Township maintains two cemetery bequest funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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:

	2009	2008
Demand deposits	\$250,550	\$165,379

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activities for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,599	\$187,802	\$54,203
Special Revenue	323,370	316,286	(7,084)
Debt Service		23,635	23,635
Fiduciary	25	7	(18)
Total	\$456,994	\$527,730	\$70,736

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,528	\$132,159	\$3,369
Special Revenue	482,161	288,290	193,871
Debt Service		23,635	(23,635)
Fiduciary	1,542		1,542
Total	\$619,231	\$444,084	\$175,147

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,500	\$139,122	(\$20,378)
Special Revenue	328,290	320,961	(7,329)
Debt Service		23,771	23,771
Fiduciary	100	26	(74)
Total	\$487,890	\$483,880	(\$4,010)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,467	\$148,135	\$21,332
Special Revenue	471,313	305,100	166,213
Debt Service		23,771	(23,771)
Fiduciary	1,594		1,594
Total	\$642,374	\$477,006	\$165,368

Contrary to the Ohio Rev. Code Section 5705.40, the Fiscal Officer amended appropriations at the legal level of control without Board approval. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the legal level of control during 2009 and 2008.

Contrary to the Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations at the legal level of control as of December 31, 2009 and 2008.

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

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

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

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Retirement System

The Township's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

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.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,600.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2007	\$4,220
2008	\$4,050
2009	\$3,024

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. Related Party Transactions

The Township Fiscal Officer is employed by Swiss Valley Oil Company from which the Township acquired gas, diesel fuel, and oil during the audit period. During 2009 and 2008, the Township paid Swiss Valley Oil Company \$15,519 and \$21,081, respectively.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sugarcreek Township
Tuscarawas County
225 Rhine Street
Sugarcreek, Ohio 44681

To the Township Board of Trustees:

We have audited the financial statements of Sugarcreek Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 2009 and 2008, and have issued our report thereon dated July 23, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 and 2009-002.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated July 23, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 23, 2010

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2009-001

Noncompliance Citation/Material Weakness

Ohio Rev Code Section 5705.40 provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation. Transfers may be made by resolution or ordinance from one appropriation item to another. *Burkholder v Lauber* (1965), 6 Ohio Misc 152, indicates that a local government's governing board is prohibited from delegating those discretionary duties assigned to it. Following such reasoning, a governing board is prohibited from delegating the ability to amend appropriations as provided for in Ohio Rev Code Section 5705.40.

During 2009, the Fiscal Officer amended appropriations at the legal level of control without Board approval. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the legal level of control by \$7,000 within the General Fund, \$16,635 within the Special Revenue funds, and \$23,635 within the Debt Service Fund.

During 2008, the Fiscal Officer amended appropriations at the legal level of control without Board approval. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the legal level of control by \$90 within the General Fund and \$23,771 within the Debt Service Fund.

The Board of Trustees should specifically approve all amendments to appropriations at the legal level of control. Ohio Rev Code Section 5705.38(C) requires the minimum level of budgetary control for townships so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2009, object level expenditures plus outstanding encumbrances exceeded appropriations within the following funds: (Appropriations shown have been adjusted to exclude appropriations not approved by the board).

<u>Fund</u>	<u>Fund Number</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
General:				
Payment to Another Political Subdivision	1000-110-370-0000	\$2,000	\$2,494	(\$494)

FINDING NUMBER 2009-002 (Continued)

<u>Fund</u>	<u>Fund Number</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
Debt Service:				
Principal Payments				
Notes	3901-820-820-0000	\$0	\$22,449	(\$22,449)
Interest Payments	3901-830-830-0000	0	1,186	(1,186)

At December 31, 2008, object level expenditures plus outstanding encumbrances exceeded appropriations within the following funds:

<u>Fund</u>	<u>Fund Number</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
General:				
Ohio Public				
Employee Retirement				
System	1000-110-211-0000	\$17,700	\$27,689	(\$9,989)
Workers' Compensation	1000-110-230-0000	1,800	2,879	(1,079)
Tax Collection Fees	1000-110-314-0000	3,500	4,455	(955)
Special Revenue:				
Other – Insurance				
Benefits	2021-110-229-0000	0	4,839	(4,839)
Contracted Services	2041-410-360-0000	0	4,839	(4,839)
Debt Service:				
Principal Payments				
Notes	3901-820-820-0000	0	21,382	(21,382)
Interest Payments	3901-830-830-0000	0	2,389	(2,389)

The Fiscal Officer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid overspending.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**SUGARCREEK TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Several receipts and expenditures were misclassified.	No	Refer to management letter.
2007-002	Several errors were noted with payroll testing.	No	Partially Corrected; included in Management Letter
2007-003	Estimated receipts were not recorded in the comparison of budget and actual receipts.	No	Refer to management letter.
2007-004	Ohio Revised Code Section 5705.40 - Amendments to appropriations were made without Board approval.	No	Not Corrected – Refer to Finding Number 2009-001
2007-005	Ohio Revised Code Section 511.13 – A trustee and the Fiscal Officer had an interest	Yes	
2007-006	Ohio Revised Code Section 5705.41 (B) – The Township had expenditures which exceeded appropriations.	No	Not Corrected – Refer to Finding Number 2009-002
2007-007	Ohio Revised Code Section 5705.41 (D) – The Township had expenditures which were not properly certified.	Yes	
2007-008	The Township made donations to a Fire District.	Yes	



Mary Taylor, CPA
Auditor of State

SUGARCREEK TOWNSHIP

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 7, 2010**