



Dave Yost • Auditor of State



**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

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# Dave Yost • Auditor of State

Sugar Creek Township  
Allen County  
3255 W. State Road  
Elida, Ohio 45807

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

August 22, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Sugar Creek Township  
Allen County  
3255 W. State Road  
Elida, Ohio 45807

To the Board of Trustees:

We have audited the accompanying financial statements of Sugar Creek Township, Allen County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for 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 of Sugar Creek Township, Allen County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Sugar Creek Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

August 22, 2012



**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$37,476	\$51,170		\$88,646
Charges for Services	220			220
Licenses, Permits and Fees	545	150		695
Intergovernmental	48,466	104,914		153,380
Earnings on Investments	69	45		114
Miscellaneous	2,435	250		2,685
Total Cash Receipts	<u>89,211</u>	<u>156,529</u>		<u>245,740</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	89,690			89,690
Public Safety		39,296		39,296
Public Works	7,960	127,822		135,782
Health	985	180		1,165
Conservation-Recreation	2,000			2,000
Capital Outlay		4,000		4,000
Total Cash Disbursements	<u>100,635</u>	<u>171,298</u>		<u>271,933</u>
Excess of Receipts Over (Under) Disbursements	<u>(11,424)</u>	<u>(14,769)</u>		<u>(26,193)</u>
Fund Cash Balances, January 1	<u>41,677</u>	<u>102,245</u>	<u>\$53</u>	<u>143,975</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		87,476	53	87,529
Unassigned (Deficit)	30,253			30,253
Fund Cash Balances, December 31	<u>\$30,253</u>	<u>\$87,476</u>	<u>\$53</u>	<u>\$117,782</u>

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

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Governmental Fund Types</b>			<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$36,487	\$50,605		\$87,092
Charges for Services	1,412			1,412
Licenses, Permits, and Fees	825	675		1,500
Intergovernmental	35,903	107,433		143,336
Earnings on Investments	213	42		255
Miscellaneous	5,018			5,018
Total Cash Receipts	<u>79,858</u>	<u>158,755</u>		<u>238,613</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	80,459			80,459
Public Safety	712	39,239		39,951
Public Works	5,437	122,803		128,240
Health	1,032	2,650		3,682
Conservation/Recreation	75			75
Capital Outlay	41,669	4,181		45,850
Total Cash Disbursements	<u>129,384</u>	<u>168,873</u>		<u>298,257</u>
Total Receipts (Under) Disbursements	<u>(49,526)</u>	<u>(10,118)</u>		<u>(59,644)</u>
<b>Other Financing Receipts:</b>				
Sale of Fixed Assets	10,001			10,001
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(39,525)</u>	<u>(10,118)</u>		<u>(49,643)</u>
Fund Cash Balances, January 1	<u>81,202</u>	<u>112,363</u>	<u>\$53</u>	<u>193,618</u>
Fund Cash Balances, December 31	<u><u>\$41,677</u></u>	<u><u>\$102,245</u></u>	<u><u>\$53</u></u>	<u><u>\$143,975</u></u>

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

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 Sugar Creek Township, Allen 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 American Township and Monroe Township to provide fire services and to provide ambulance services.

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 and Investments**

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

The Township values certificates of deposit at cost.

**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:

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

**Fire District Fund** – This fund receives property tax money for obtaining tax money for obtaining fire protection and emergency medical services for the Township.

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township's Permanent Improvement Fund holds the remaining balance from the construction of a maintenance building. The balance is appropriated each year but has not been spent.

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. 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.

**H. 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. The carrying amount of deposits at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$105,532	\$131,725
Certificates of deposit	12,250	12,250
Total deposits	<u>\$117,782</u>	<u>\$143,975</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

**2011 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 88,424	\$ 89,211	\$ 787
Special Revenue	162,556	156,529	(6,027)
Total	<u>\$250,980</u>	<u>\$245,740</u>	<u>(\$5,240)</u>

**2011 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$129,667	\$100,635	\$ 29,032
Special Revenue	265,235	171,298	93,937
Capital Projects	53		53
Total	<u>\$394,955</u>	<u>\$271,933</u>	<u>\$123,022</u>

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$93,161	\$ 89,859	(\$3,302)
Special Revenue	145,743	158,755	13,012
Total	<u>\$238,904</u>	<u>\$248,614</u>	<u>\$9,710</u>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$188,929	\$129,384	\$59,545
Special Revenue	242,491	168,873	73,618
Capital Projects	53		53
Total	<u>\$431,473</u>	<u>\$298,257</u>	<u>\$133,216</u>

The Township recorded some restricted receipts in the wrong fund which violated Ohio Rev. Code Section 5705.10(D).

**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.

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

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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# Dave Yost • Auditor of State

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

Sugar Creek Township  
Allen County  
3255 W. State Road  
Elida, Ohio 45807

To the Board of Trustees:

We have audited the financial statements of Sugar Creek Township, Allen County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 22, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and adopted the provisions of Governmental Accounting Standards Board Statement No. 54 for the year ended December 31, 2011. We also noted 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 Government 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(A) mandates 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 opinion 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2011-01 and 2011-02 described in the accompanying schedule of findings to be material weaknesses.

### **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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-02.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 22, 2012.

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



**Dave Yost**  
Auditor of State

August 22, 2012

**SUGAR CREEK TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-01**

**Material Weakness – Accuracy of Financial Reporting**

The Township should have procedures in place to help assure that the annual financial statements and notes to the financial statements are complete and accurate. The following classification errors were identified in the financial statements:

2011

- Personal property tax receipts in the General Fund, Special Revenue Road and Bridge Fund, and Special Revenue Fire District Fund, in the amounts of \$89, \$26, and \$157, respectively, were recorded as Property Tax Receipts instead of Intergovernmental Receipts
- Homestead and rollback receipts in the General Fund, Special Revenue Road and Bridge Fund, and Special Revenue Fire District Fund, in the amounts of \$6,160, \$1,812 and \$6,450, respectively, were recorded as Property Tax Receipts instead of Intergovernmental Receipts
- General Fund auditor and treasurer fees in the amount of \$3,369 were recorded as Capital Outlay instead of General Government Disbursements
- A grant in the amount of \$1,200 for the clean-up of ditches was recorded in the Special Revenue Garbage and Waste Disposal District Fund as Miscellaneous Receipts instead of Intergovernmental Receipts.
- The financial statements reflected the implementation of GASB 54 however the notes to the financial statements did not include the related fund classification disclosures.

2010

- Personal property tax receipts in the General Fund, Special Revenue Road and Bridge Fund, and Special Revenue Fire District Fund, in the amounts of \$331, \$149, and \$518, respectively, were recorded as Property Tax Receipts instead of Intergovernmental Receipts
- Homestead and rollback receipts in the General Fund, Special Revenue Road and Bridge Fund, and Special Revenue Fire District Fund, in the amounts of \$6,125, \$1,798 and \$6,448, respectively, were recorded as Property Tax Receipts instead of Intergovernmental Receipts
- General Fund receipts from the clean-up of property in the amount of \$1,412 were recorded as Charges for Services and in the amount of \$1,412 were recorded as Miscellaneous Receipts instead of Special Assessments
- A grant in the amount of \$1,200 for the clean-up of ditches was recorded in the Special Revenue Garbage and Waste Disposal District Fund as Miscellaneous Receipts instead of Intergovernmental Receipts.

Errors in the financial statements and omissions from the note disclosures inhibit the users understanding of the results of operations and may result in the material misstatement of the financial statements and related notes. The accompanying financial statements and notes have been adjusted for the errors and omissions identified above.

The Township should perform a review of the accounting records and annual financial statements and notes to help assure accuracy and completeness. Resources such as those found on the Auditor of State web site should be utilized when recording transactions and preparing the annual financial statements and notes.

**FINDING NUMBER 2011-02**

**Material Weakness / Noncompliance Citation**

**Ohio Rev. Code, Section 5705.10(D)**, requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. In 2011, the Township recorded a local government receipt in the amount of \$863 in the Motor Vehicle Tax Fund instead of the General Fund. During 2010, the Township recorded a tangible personal property receipt in the amount of \$748 in the Motor Vehicle License Tax Fund instead of the General (\$434), Road and Bridge (\$44), and Fire (\$270) Funds.

The recording of receipts in the wrong fund not only impacts the resources available to cover obligations but may result in the illegal expenditure of restricted receipts.

The accounting records and accompanying financial statements have been adjusted to record these receipts in the correct funds.

The Fiscal Officer should utilize resources such as the Ohio Township Manual and UAN Manual found on the Auditor of State website for assistance when recording receipts. In addition, the Fiscal Officer and Trustees should periodically review the accounting ledgers to help identify recording errors. This will allow for the correction of the errors in a timely manner, reduce the potential for illegal use of funds, and give a more accurate presentation of the activity within each fund.

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



# Dave Yost • Auditor of State

**SUGAR CREEK TOWNSHIP**

**ALLEN 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  
OCTOBER 02, 2012**