

SUGARCREEK TOWNSHIP

GREENE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

FISCAL YEAR AUDITED UNDER GAGAS: 2006

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662



Mary Taylor, CPA
Auditor of State

Board of Trustees
Sugarcreek Township
2090 Ferry Road
P.O. Box 268
Bellebrook, Ohio 45305

We have reviewed the *Independent Auditor's Report* of Sugarcreek Township, Greene County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Sugarcreek Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 12, 2007

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Greene County, Ohio
For the Year Ended December 31, 2006
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Greene County, Ohio
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Caudill & Associates, CPA's

725 5th Street
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Board of Trustees
Sugarcreek Township
Greene County, Ohio
P.O. Box 268
26 East Franklin Street
Bellebrook, OH 45305

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Greene County, Ohio, (the Township) as of and for the year ended December 31, 2006 which collectively comprise the Township's basic financial statements. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Greene County, Ohio as of December 31, 2006, and the respective changes in financial position-cash basis and the respective budgetary comparisons for the General Fund, Road and Bridge Fund, Police District Fund, Station One Fire District Fund, and Firefighters Assistance Grant Fund thereof and for the year 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 February 28, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information the accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the Township's basic financial statements. The schedule of federal awards expenditures provides is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Caudill & Associates, CPAs

Caudill & Associates, CPA's
February 28, 2007

Sugar creek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This Management's discussion and analysis of Sugar creek Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$2,171,774 or 92%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Cloy Road Capital Fund which had significant increase in other financing sources mainly due to debt proceeds of \$1,500,000.

The Township's general receipts are primarily property and other local taxes. These receipts represent respectively 52% of the total cash received for governmental activities during the year. Property and other local taxes receipts increased \$903,028 from 2005 or 26%. Housing development increased significantly from the prior 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
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program.. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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 non-financial 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 and income taxes.

In the Statement of Net Assets and the statement of activities, we divide the Township into one type of activity:

Governmental activities - All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income 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. The funds of the Township are split into one category: governmental.

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

Sugarcreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 Fund, the Road and Bridge Fund, the Police District Fund, the Station 1 Fire District Fund, the Firefighter Assistance Grant and the Cloyo Road Project .

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2006</u>	<u>2005</u>	
Assets			
Cash and Cash Equivalents	<u>\$4,532,860</u>	<u>\$2,361,086</u>	<u>\$2,171,774</u>
Net Assets			
Restricted for Capital Projects	1,614,710	181,399	1,433,311
Restricted for Debt Service	4,266	53,251	(48,985)
Restricted for Other Purposes	2,071,594	1,505,846	565,748
Unrestricted	<u>842,290</u>	<u>620,590</u>	<u>221,700</u>
Total Net Assets	<u>\$4,532,860</u>	<u>\$2,361,086</u>	<u>\$2,171,774</u>

As mentioned previously, net assets of governmental activities increased \$2,171,774 or 92% during 2006. The primary reason contributing for the increase in the cash balance is an significant increase in debt proceeds of \$1,500,000 for the Cloyo Road Project.

Sugarcreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets in 2006 and 2005.

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$365,513	\$300,919
Operating Grants and Contributions	165,434	630,786
Capital Grants and Contributions	910,486	228,470
Total Program Receipts	<u>\$1,441,433</u>	<u>\$1,160,175</u>
General Receipts:		
Property and Other Local Taxes	4,357,284	3,454,256
Grants and Entitlements Not Restricted to Specific Programs	405,646	280,552
Bond Proceeds	-	1,865,000
Loan Proceeds	1,500,000	-
Sale of Assets	75,000	25,000
Interest	199,130	99,952
Miscellaneous	370,579	69,681
Total General Receipts	<u>6,907,639</u>	<u>5,794,441</u>
<i>Total Receipts</i>	<u>8,349,072</u>	<u>6,954,616</u>
Disbursements:		
General Government	530,005	536,442
Public Safety	4,487,153	3,021,489
Public Works	591,858	613,789
Health	41,135	8,619
Capital Outlay	381,572	1,531,778
Debt Service:		
Principle Retirement	65,000	2,199,038
Interest and Fiscal Charges	80,575	234,653
<i>Total Disbursements</i>	<u>6,177,298</u>	<u>8,145,808</u>
Increase in Net Assets	2,171,774	(1,191,192)
Net Assets Beginning of Year	<u>2,361,086</u>	<u>3,552,278</u>
Net Assets End of Year	<u><u>\$4,532,860</u></u>	<u><u>\$2,361,086</u></u>

Sugarcreek Township
Management's Discussion and Analysis
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Program receipts represent 17% of total receipts for 2006 and 17% for 2005 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 83% of the Township's total receipts for 2006, and of this amount, approximately 63% are property and other local taxes for 2006. General receipts represent 83% of the Township's total receipts for 2005, and of this amount, approximately 60% are property and other local taxes for 2005.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These activities include costs of the auditor, clerk, and a portion of the trustees, as well as internal services such as payroll and purchasing. General government represents 9% in 2006 and 7% in 2005 of total disbursements while public safety disbursements represent 73% in 2006 and 37% in 2005 of the total and public works represent 10% in 2006 and 8% in 2005. Public safety includes the cost of police and fire protection and public works for road maintenance.

Governmental Activities

If you look at the Statement of Activities on page 10, 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 safety, which account for 73% of all governmental disbursements. General government also represents a small cost of about 9%. The next three columns of the Statement entitled Program Cash 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.

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$530,005	(\$448,590)	\$536,442	(\$402,959)
Public Safety	4,487,153	(3,314,096)	3,021,489	(2,430,884)
Public Works	591,858	(404,897)	613,789	(177,702)
Health	41,135	(41,135)	8,619	(8,619)
Capital Outlay	381,572	(381,572)	1,531,778	(1,531,778)
Debt Services:				
Principal Retirement	65,000	(65,000)	2,199,038	(2,199,038)
Interest and Fiscal Charges	80,575	(80,575)	234,653	(234,653)
Total Expenses	<u>\$6,177,298</u>	<u>(\$4,735,865)</u>	<u>\$8,145,808</u>	<u>(\$6,985,633)</u>

The dependence upon property tax receipts is apparent as over 77% of governmental activities are supported through these general receipts.

Sugarcreek Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's Funds

Total governmental funds had receipts of \$6,774,072 and disbursements of \$6,177,298. The greatest change within governmental funds occurred within the Clio Road Capital Fund. The fund balance of the Clio Road Capital Fund increased \$1,492,513.

This increase was attributable to the note proceed of \$1,500,000 used to finance the Clio Road project.

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 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to grants and receipts expected from other governments being lower than originally expected.

Final disbursements were budgeted at \$728,347 while actual disbursements were \$503,011. The Township spent below what was projected and indicates that the Township is working hard to keep expenses to a minimum.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Township's outstanding debt included Improvement Bonds with a balance of \$1,800,000 for building improvements. On May 16, 2006, the Township issued a short term Tax Increment Revenue Note of \$1,500,000 at a 4.14% interest rate. The note was issued for the purpose of providing funds for the construction and installation of infrastructure on Clio Road. Fire Truck ladder lease for \$63,173 remained outstanding as of December 31, 2006. For further information regarding the Township's debt, refer to Note 7 and Note 8 to the basic financial statements.

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 Theodore Hodson, Fiscal Officer, Sugarcreek Township, 2090 Ferry Road, P.O. Box 268, Bellebrook, Ohio 45305.

Sugarcreek Township
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 4,532,860</u>
<u>Net Assets:</u>	
Restricted for:	
Capital Projects	1,614,710
Debt Service	4,266
Other Purposes	2,071,594
Unrestricted	<u>842,290</u>
<i>Total Net Assets</i>	<u>\$ 4,532,860</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	<u>Program Cash Receipts</u>				
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net Receipts (Disbursements) and Changes in Net Assets	
<i>Governmental Activities:</i>					
General Government	\$ 530,005	\$ 81,415	\$ -	\$ -	\$ (448,590)
Public Safety	4,487,153	209,703	52,868	910,486	(3,314,096)
Public Works	591,858	74,395	112,566	-	(404,897)
Health	41,135	-	-	-	(41,135)
Capital Outlay	381,572	-	-	-	(381,572)
Debt Service:					
Principle Retirement	65,000	-	-	-	(65,000)
Interest and Fiscal Charges	80,575	-	-	-	(80,575)
<i>Total Governmental Activities</i>	<u>\$ 6,177,298</u>	<u>\$ 365,513</u>	<u>\$ 165,434</u>	<u>\$ 910,486</u>	<u>(4,735,865)</u>
Property and Other Taxes Levied for General Purposes					
					4,357,284
Grants and Entitlements not Restricted to Specific Programs					
					405,646
Note Proceeds					
					1,500,000
Sale of Assets					
					75,000
Interest					
					199,130
Miscellaneous					
					370,579
<i>Total General Receipts</i>					6,907,639
Change in Net Assets					2,171,774
<i>Net Assets Beginning of Year</i>					2,361,086
<i>Net Assets End of Year</i>					<u>\$ 4,532,860</u>

See Accompanying Notes to the Basic Financial Statements

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Sugarcreek Township
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Road and Bridge	Police District
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 842,290	\$ 159,342	\$ 893,746
<u>Fund Balances:</u>			
Reserved:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	842,290	-	-
Special Revenue Funds	-	159,342	893,746
Capital Projects Funds	-	-	-
Debt Service Fund	-	-	-
 <i>Total Fund Balances</i>	 <i>\$ 842,290</i>	 <i>\$ 159,342</i>	 <i>\$ 893,746</i>

See Accompanying Notes to the Basic Financial Statements

Station 1 Fire District	Firefighter Assistance Grant	Clyo Road Capital	Other Governmental Funds	Total Governmental Funds
<u>\$ 332,000</u>	<u>\$ 1,282</u>	<u>\$ 1,492,513</u>	<u>\$ 811,687</u>	<u>\$ 4,532,860</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	842,290
332,000	1,282	-	685,224	2,071,594
-	-	1,492,513	122,197	1,614,710
-	-	-	4,266	4,266
<u>\$ 332,000</u>	<u>\$ 1,282</u>	<u>\$ 1,492,513</u>	<u>\$ 811,687</u>	<u>\$ 4,532,860</u>

Sugarcreek Township
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Road and Bridge	Police District
<u>Receipts:</u>			
Property and Other Local Taxes	\$ 166,792	\$ 531,684	\$ 1,755,689
Intergovernmental	263,565	78,336	262,906
Charges for Services	-	-	17,196
Licenses, Permits and Fees	41,562	7	1,508
Fines, Forfeitures and Penalties	19,683	-	1,060
Earnings on Investments	137,156	2,512	-
Miscellaneous	2,378	-	19,651
Total Receipts	631,136	612,539	2,058,010
<u>Disbursements:</u>			
Current:			
General Government	436,550	-	-
Public Safety	-	-	1,808,273
Public Works	-	411,142	-
Health	41,135	-	-
Capital Outlay	25,376	28,798	76,781
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Disbursements	503,061	439,940	1,885,054
<u>Other Financing Sources (Uses):</u>			
Sale of Notes	-	-	-
Sale of Assets	75,000	-	-
Transfers In	-	10,276	8,899
Transfers Out	(150,000)	-	(44,221)
Advances In	168,625	-	-
Advances Out	-	(168,625)	-
Other Financing Sources	-	-	-
Total Other Financing Sources (Uses)	93,625	(158,349)	(35,322)
Net Change in Fund Balances	221,700	14,250	137,634
Fund Balances Beginning of Year	620,590	145,092	756,112
Fund Balances End of Year	\$ 842,290	\$ 159,342	\$ 893,746

See Accompanying Notes to the Basic Financial Statements

Station 1 Fire District	Firefighter Assistance Grant	Clyo Road Capital	Other Governmental Funds	Total Governmental Funds
\$ 1,505,431	\$ -	\$ -	\$ 74,395	\$ 4,033,991
228,248	954,521	-	117,066	1,904,642
-	-	-	158,747	175,943
3,270	-	-	32,642	78,989
-	-	-	12,983	33,726
-	312	45,134	14,016	199,130
20,653	-	-	304,969	347,651
<u>1,757,602</u>	<u>954,833</u>	<u>45,134</u>	<u>714,818</u>	<u>6,774,072</u>
-	-	-	93,455	530,005
1,590,454	953,551	-	134,875	4,487,153
-	-	52,621	128,095	591,858
-	-	-	-	41,135
92,909	-	-	157,708	381,572
-	-	-	65,000	65,000
-	-	-	80,575	80,575
<u>1,683,363</u>	<u>953,551</u>	<u>52,621</u>	<u>659,708</u>	<u>6,177,298</u>
-	-	1,500,000	-	1,500,000
-	-	-	-	75,000
6,849	-	-	255,292	281,316
(61,072)	-	-	(26,023)	(281,316)
-	-	-	-	168,625
-	-	-	-	(168,625)
-	-	-	-	-
<u>(54,223)</u>	<u>-</u>	<u>1,500,000</u>	<u>229,269</u>	<u>1,575,000</u>
20,016	1,282	1,492,513	284,379	2,171,774
311,984	-	-	527,308	2,361,086
<u>\$ 332,000</u>	<u>\$ 1,282</u>	<u>\$ 1,492,513</u>	<u>\$ 811,687</u>	<u>\$ 4,532,860</u>

Sugarcreek Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	<i>Variance</i>
	<u>Original</u>	<u>Final</u>		<i>Positive</i> <i>(Negative)</i>
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 158,500	\$ 152,357	\$ 166,792	\$ 14,435
Licenses, Permits and Fees	40,000	40,000	41,562	1,562
Fines and Forfeitures	20,000	20,000	19,683	(317)
Intergovernmental	149,478	149,478	263,565	114,087
Earnings on Investments	100,000	100,000	137,156	37,156
Other	2,700	2,700	2,378	(322)
<i>Total Receipts</i>	<u>470,678</u>	<u>464,535</u>	<u>631,136</u>	<u>166,601</u>
<u>Disbursements:</u>				
Current:				
General Government	634,646	608,531	436,550	171,981
Health	5,000	41,316	41,135	181
Capital Outlay	129,500	78,500	25,376	53,124
Total Disbursements	<u>769,146</u>	<u>728,347</u>	<u>503,061</u>	<u>225,286</u>
Excess of Receipts over (Under) Disbursements	<u>(298,468)</u>	<u>(263,812)</u>	<u>128,075</u>	<u>391,887</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	75,000	75,000
Transfers Out	(100,000)	(150,000)	(150,000)	-
Advances In	-	-	168,625	168,625
Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(800)</u>	<u>-</u>	<u>800</u>
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(150,800)</u>	<u>93,625</u>	<u>244,425</u>
Net Change in Fund Balance	(408,468)	(414,612)	221,700	636,312
Fund Balance Beginning of Year	<u>619,551</u>	<u>619,551</u>	<u>619,551</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,039</u>	<u>1,039</u>	<u>1,039</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 212,122</u>	<u>\$ 205,978</u>	<u>\$ 842,290</u>	<u>\$ 636,312</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 499,153	\$ 484,693	\$ 531,684	\$ 46,991
Licenses, Permits and Fees	800	800	7	(793)
Intergovernmental	84,207	84,207	78,336	(5,871)
Earnings on Investments	-	-	2,512	2,512
Other	6,300	7,744	-	(7,744)
<i>Total Receipts</i>	<u>590,460</u>	<u>577,444</u>	<u>612,539</u>	<u>35,095</u>
<u>Disbursements:</u>				
Current:				
Public Works	622,037	523,411	411,142	112,269
Capital Outlay	100,500	30,500	28,798	1,702
<i>Total Disbursements</i>	<u>722,537</u>	<u>553,911</u>	<u>439,940</u>	<u>113,971</u>
Excess of Receipts Over (Under) Disbursements	<u>(132,077)</u>	<u>23,533</u>	<u>172,599</u>	<u>149,066</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	10,276	10,276
Advances In	-	(168,625)	(168,625)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(168,625)</u>	<u>(158,349)</u>	<u>10,276</u>
Net Change in Fund Balance	(132,077)	(145,092)	14,250	159,342
Fund Balance Beginning of Year	<u>143,648</u>	<u>143,648</u>	<u>143,648</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,444</u>	<u>1,444</u>	<u>1,444</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 13,015</u>	<u>\$ -</u>	<u>\$ 159,342</u>	<u>\$ 159,342</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Station 1 Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 1,138,718	\$ 1,412,826	\$ 1,505,431	\$ 92,605
Licenses, Permits and Fees	200	200	3,270	3,070
Intergovernmental	223,674	223,674	228,248	4,574
Other	21,800	21,800	20,653	(1,147)
Total Receipts	<u>1,384,392</u>	<u>1,658,500</u>	<u>1,757,602</u>	<u>99,102</u>
<u>Disbursements:</u>				
Current:				
Public Safety	1,519,102	1,624,902	1,590,454	34,448
Capital Outlay	109,944	98,944	92,909	6,035
	-	-	-	-
Total Disbursements	<u>1,629,046</u>	<u>1,723,846</u>	<u>1,683,363</u>	<u>40,483</u>
Excess of Receipts Over (Under) Disbursements	<u>(244,654)</u>	<u>(65,346)</u>	<u>74,239</u>	<u>139,585</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	6,849	6,849
Transfers Out	(61,880)	(61,080)	(61,072)	8
Other Financing Uses	(32,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(93,880)</u>	<u>(61,080)</u>	<u>(54,223)</u>	<u>6,857</u>
Net Change in Fund Balance	(338,534)	(126,426)	20,016	146,442
Fund Balance Beginning of Year	<u>308,157</u>	<u>308,157</u>	<u>308,157</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>3,827</u>	<u>3,827</u>	<u>3,827</u>	<u>-</u>
Fund Balance End of Year	<u>\$ (26,550)</u>	<u>\$ 185,558</u>	<u>\$ 332,000</u>	<u>\$ 146,442</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 1,605,094	\$ 1,600,701	\$ 1,755,689	\$ 154,988
Charges for Services	15,000	15,000	17,196	2,196
Licenses, Permits and Fees	1,200	1,200	1,508	308
Fines and Forfeitures	12,000	12,000	1,060	(10,940)
Intergovernmental	297,099	297,099	262,906	(34,193)
Other	18,000	18,000	19,651	1,651
<i>Total Receipts</i>	<u>1,948,393</u>	<u>1,944,000</u>	<u>2,058,010</u>	<u>114,010</u>
<u>Disbursements:</u>				
Current:				
Public Safety	2,093,277	2,136,254	1,808,273	327,981
Capital Outlay	106,895	106,895	76,781	30,114
<i>Total Disbursements</i>	<u>2,200,172</u>	<u>2,243,149</u>	<u>1,885,054</u>	<u>358,095</u>
Excess of Receipts Over (Under) Disbursements	<u>(251,779)</u>	<u>(299,149)</u>	<u>172,956</u>	<u>472,105</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	8,899	8,899
Transfers Out	(82,599)	(82,599)	(44,221)	38,378
Other Financing Uses	(45,000)	(2,023)	-	2,023
Total Other Financing Sources (Uses)	<u>(127,599)</u>	<u>(84,622)</u>	<u>(35,322)</u>	<u>49,300</u>
Net Change in Fund Balance	(379,378)	(383,771)	137,634	521,405
Fund Balance Beginning of Year	<u>748,240</u>	<u>748,240</u>	<u>748,240</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>7,872</u>	<u>7,872</u>	<u>7,872</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 376,734</u>	<u>\$ 372,341</u>	<u>\$ 893,746</u>	<u>\$ 521,405</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Firefighters Assistance Grant
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<i>Receipts:</i>				
Intergovernmental	918,000	966,243	954,521	(11,722)
Earnings on Investments	-	-	312	312
<i>Total Receipts</i>	<u>918,000</u>	<u>966,243</u>	<u>954,833</u>	<u>(11,410)</u>
<i>Disbursements:</i>				
Current:				
Public Safety	966,243	966,243	953,551	12,692
	-	-	-	-
<i>Total Disbursements</i>	<u>966,243</u>	<u>966,243</u>	<u>953,551</u>	<u>12,692</u>
Excess of Receipts Over (Under) Disbursements	<u>(48,243)</u>	<u>-</u>	<u>1,282</u>	<u>1,282</u>
Net Change in Fund Balance	(48,243)	-	1,282	1,282
Fund Balance Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ (48,243)</u>	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ 1,282</u>

See Accompanying Notes to the Basic Financial Statements

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 – Reporting Entity

Sugarcreek Township, Greene County, Ohio (the “Township”), is a body politic and corporate established in 1803 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 unit.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection, police protection, emergency medical services and cemetery maintenance.

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. The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township’s accounting policies.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The Statement of Net Assets presents the cash balance of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental 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. The funds of the Township are divided into one category: governmental.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund – The General Fund is the operating fund of the Township and 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.

Road & Bridge Fund – Required by the Ohio Revised Code to account for property and other local taxes designated for maintenance of streets within the Township.

Police District Fund – This fund receives property tax money for providing police protection to the residents of the Township.

Station 1 Fire District Fund – This fund receives property tax money for providing fire protection to the residents of the Township.

Firefighters Assistance Grant Fund – This fund received money from the Department of Homeland Security to purchase communication equipment for public safety purposes.

Clyo Road Capital Fund – This fund received debt proceeds used to finance the Clyo Road Project.

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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 level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

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

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 2006 was \$137,156.

F. 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.

G. 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.

H. 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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. 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.

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.

Note 3 – Compliance

33% of the expenditures tested were not properly certified contrary to Section 5705.41(D).

In fiscal year 2006, total appropriations for the Station One Fire District Fund and the Firefighters Assistance Grant Fund exceeded the total estimated resources.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund 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) and outstanding year end advances are treated as an other financing source or use (budget basis) rather than as an interfund receivable or payable (cash basis). No encumbrances outstanding at year end.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 5 – Deposits and Investments (Continued)

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 year end, the carrying amount of the Township’s deposits was \$170,601 and the bank balance was \$285,028. Of the bank balance, \$185,028 of the Township’s bank balance of \$285,028 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution, but not in the Township’s name.

The Township has no deposit policy for custodial credit 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 of 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.

Investments

Investments are reported at fair value. As of December 31, 2006, the Township had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase agreement	\$4,362,259	less than 1 year
Total	<u>\$4,362,259</u>	

Interest Rate Risk: Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value on an investment. The Township does not have an investment policy.

Credit Risk: The Township’s repurchase agreement is unrated.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The following is the Township’s allocation as of December 31, 2006:

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 5 – Deposits and Investments (Continued)

<u>Year</u>	<u>Investment Issuer</u>	<u>Percentage of Investments</u>
2006	Repurchase agreement	100.00%

Custodial Credit Risk: Custodial Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment in the repurchase agreement is exposed to custodial credit risk is that it is uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$21.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property:	
Residential	\$356,081,080
Agricultural	66,765,203
Commercial/Industrial/Mineral	22,255,067
Tangible Personal Property:	
Business	8,676,078
Public Utility	12,770,770
Total Assessed Value	\$466,548,198

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 7 – Debt

In August of 2005, the Township issued a General Purpose Refunding and Improvement Bond in the amount of \$1,865,000. The Bond was used to retire the Bond Anticipation Note issued in 2004. The Bond matures on December 1st, 2025.

On May 16, 2006, the Township issued a short term Tax Increment Revenue Note of \$1,500,000 at a 4.14% interest rate. The note was issued for the purpose of providing funds for the construction and installation of infrastructure on Clio Road. The note is scheduled to be paid on May 16, 2007.

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Balance			Balance	Amounts due
	1/1/2006	Additions	Reductions	12/31/2006	within one
					year
Governmental Activities:					
Tax Increment Note at 4.14%	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000
Improvement Bond Interest at a variable rate (3% to 5%)	\$1,865,000	\$0	\$65,000	\$1,800,000	\$65,000
Total Governmental Activities	\$1,865,000	\$1,500,000	\$65,000	\$3,300,000	\$1,565,000

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

	Principal	Interest
Year ending December 31:		
2007	\$1,565,000	\$141,070
2008	70,000	76,675
2009	70,000	74,400
2010	75,000	72,125
2011	75,000	69,500
2012-2016	415,000	303,388
2017-2021	510,000	204,700
2022-2025	520,000	67,000
Totals	\$3,300,000	\$1,008,858

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 8 – Leases

The Fire ladder truck lease purchase was entered into April of 2004 and semi-annual payments of \$11,121 began in April 2005 with final payment scheduled for October of 2009.

Future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2007	\$20,399	\$1,843
2008	21,051	1,191
2009	21,723	519
Totals	<u>\$63,173</u>	<u>\$3,553</u>

Note 9 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member Townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

OTARMA retains casualty risk up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA. If losses exhaust OTARMA’s retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500 million per occurrence. APEEP’s Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members’ total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 9 – Risk Management (continued)

\$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to withdrawal.

Financial Position

OTARMA's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained Earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained Earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 10 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 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, 2006, 2005, and 2004 were \$246,058, \$229,037 and \$209,325, respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$246,058 made by the Township and \$144,396 made by the plan members.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5% and 24.0% for police and firefighters respectively. Contributions are authorized by State statute. The Township's contributions to the Fund for police and firefighters were \$57,536 and \$70,321 respectively for the year ended December 31, 2006, and \$47,131 and \$57,605 respectively for the year ended December 31, 2005, and \$41,957 and \$51,281 respectively for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after ten years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$80,830. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 11 - Postemployment Benefits (Continued)

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2006 that were used to fund postemployment benefits were \$22,842 for police and \$22,713 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 12 -Transfers

Following is a summary of transfers in and out for all funds for 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 150,000
Road and Bridge	10,276	
Police District	8,899	44,221
Station One Fire District	6,849	61,072
Other Government Funds	255,292	26,023
Total	<u>\$ 281,316</u>	<u>\$ 281,316</u>

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out was money from the General Fund, Police District, Station One Fire District and other governmental funds. These funds transferred monies out for payment of debt and for FEMA expenditures to reimburse funds that had originally made the payments.

Note 13 -Advances

During the year, the Road and Bridge Fund loaned the General Fund \$168,625. Interfund loans are primarily the result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2006, all interfund loans outstanding are anticipated to be repaid during 2007.

Sugarcreek Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 14 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 15 – Subsequent Event

On May 16, 2006, the Township issued a short term Tax Increment Revenue Note of \$1,500,000 at a 4.14% interest rate. The note was issued for the purpose of providing funds for the construction and installation of infrastructure on Clyo Road. The note was paid in May of 2007.

Sugarcreek Township
Greene County

Schedule of Federal Award Expenditures
For the Year Ended December 31, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<hr/>			
United States Department of Homeland Security			
<hr/>			
Assistance to Firefighters Grant	N/A	97.044	<u>\$906,209</u>
Subtotal U.S. Department of Homeland Security			<u>906,209</u>
Total Federal Financial Assistance			<u><u>\$ 906,209</u></u>

NA - Pass Through Entity Number is Not Available
See Accompanying Notes to the Schedule of Federal Awards Expenditures

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Township's federal award program. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Township contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Sugarcreek Township
Greene County
26 East Franklin Street
P.O. Box 268
Bellbrook, OH 45305

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Greene County, Ohio (the "Township") as of and for the year ended December 31, 2006, which collectively comprise the Township's financial statements and have issued our report thereon dated February 28, 2007 wherein we noted the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 opinions 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 a 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.

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 described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2006-001 and 2006-002.

We did note certain noncompliance that we reported to the Township's management in a separate letter dated February 28, 2007.

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

This report is intended solely for the information and use of the management, federal awarding agencies and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPAs

Caudill & Associates, CPA's
February 28, 2007

Caudill & Associates, CPA's
725 5th Street
Portsmouth, OH 45662

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Report on Compliance with Requirements Applicable to its Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Sugarcreek Township
Greene County, Ohio
P.O. Box 268
26 East Franklin Street
Bellebrook, OH 45305

Compliance

We have audited the compliance of Sugarcreek Township, Greene County, Ohio ("the Township") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Township's major federal program. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township's compliance with those requirements.

In our opinion, Sugarcreek Township, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purposes of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

We intend this report solely for the information and use of management, Board of Trustees and federal awarding agencies. It is not intended for anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
February 28, 2007

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Assistance to Firefighters Grant CFDA #97.044
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)(1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

33% of the expenditures tested were not properly certified.

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Fiscal Officer before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

Township Response:

Township officials will monitor the proper certifying of expenditures more closely.

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2006

<p>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2006-002

Noncompliance Citation

The Ohio Revised Code Section 5705.39 requires in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In fiscal year 2006, total appropriations for the Station One Fire District Fund and the Firefighters Assistance Grant Fund exceeded the total estimated resources.

Failure to monitor appropriations against estimated resources may result in appropriations exceeding the estimated resources and further may result in expenditures in excess of available resources. The Township should monitor the appropriations against estimated resources and make modifications as necessary to the appropriations.

Township Response:

The Township will appropriately follow the auditor's recommendation and monitor appropriations and estimated resources.

**SUGARCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	ORC Section 5705.41(D), Failure to certify funds	No	Reissued, see finding 2006-001
2005-002	Reportable Condition – Misclassifications of Debt Payments, Disbursements and Receipts	Yes	N/A



Mary Taylor, CPA
Auditor of State

SUGARCREEK TOWNSHIP

GREENE 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
JUNE 26, 2007**