



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Stark County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Road District Fund, Fire District Fund and Miscellaneous Special Revenue Fund (2005) thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



**Mary Taylor, CPA**  
Auditor of State

December 31, 2007

**Sugarcreek Township**  
**Stark County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of Sugarcreek Township's financial performance provides an overview of the Township's financial activities for the years ended December 31, 2006 and 2005, 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 and 2005 are as follows:

Net assets of governmental activities increased \$61,138, or 41 percent in 2006, a significant change from the prior year. Net assets of governmental activities were \$211,314 and \$150,176 in 2006 and 2005, respectively. Net assets in 2005 had an insignificant decrease from the prior year of less than one percent. Although, property tax revenues increased in 2006, disbursements were higher than anticipated due to a severe wind storm which occurred in June 2006. The clean-up from the wind damage took priority over scheduled road improvements.

During 2005, although net assets were relatively the same, several amended certificates were requested due to unanticipated revenue. The Township received \$57,908 in inheritance tax and \$10,778 from the sale of road equipment. The Township also received \$64,797 in federal assistance for road repairs needed from flooding and ice storm damage sustained in the beginning of 2005.

**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.

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, 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. In reviewing the Township's cash basis of accounting, it is evident that the Township is operating consistently. The Township continues to show growth with building new homes. Therefore, property taxes will continue to increase as we move into the future. The Township is debt-free and is maintaining vehicles and equipment up-to-date.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

**Governmental activities** - The Township's basic services are reported here, primarily, road maintenance, snow removal and mowing of weeds. The Township employs two road employees and a part-time employee as needed. The Township contracts police, fire and emergency services. State grants and local property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Fire District, Road District, and Miscellaneous Special Revenue (2005 only). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**Sugarcreek Township**  
**Stark County**  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
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**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. This is the first time the Township has presented their financial statements in this format. In future years, a comparison will be made to the previous year.

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$211,314	\$150,176
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$205,727	\$135,727
Unrestricted	5,587	14,449
Total Net Assets	\$211,314	\$150,176

As mentioned previously, net assets of governmental activities increased \$61,138 or 41 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The increase in property taxes.
- Unable to do scheduled road improvements due to the severe storm in June 2006, prioritizing clean-up over planned road improvement projects.

**Sugarcreek Township**  
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Table 2 reflects the changes in net assets in 2006 and 2005 for governmental activities. This is the first time the Township has presented their financial statements in this format. In future years, a comparison will be made to the previous year.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$120,434	\$97,623
Total Program Receipts	<u>120,434</u>	<u>97,623</u>
General Receipts:		
Property and Other Local Taxes	325,114	289,782
Grants and Entitlements Not Restricted to Specific Programs	75,491	201,729
Interest	1,082	690
Sale of Capital Assets		10,778
Miscellaneous	1,174	5,631
Total General Receipts	<u>402,861</u>	<u>508,610</u>
Total Receipts	<u>523,295</u>	<u>606,233</u>
Disbursements:		
General Government	90,081	96,597
Public Safety	111,788	108,746
Public Works	250,101	323,267
Capital Outlay	10,187	78,644
Total Disbursements	<u>\$462,157</u>	<u>\$607,254</u>
Change in Net Assets	<u>\$61,138</u>	<u>(\$1,021)</u>

Program receipts represent only 30 percent of total receipts during 2006 and 16 percent of total receipts during 2005. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 70 percent in 2006 and 84 percent in 2005 of the Township's total receipts, and of this amount, 80 percent in 2006 and 57 percent in 2005 are property taxes. State and federal grants and entitlements make up 19 percent in 2006 and 40 percent in 2005 of the Township's total receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

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

Public Safety is costs associated with police and fire protection and emergency services. Public Works are costs associated with maintaining Township roads.

**Sugarcreek Township**  
**Stark County**  
Management's Discussion and Analysis  
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**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works, which account for 54.1 percent in 2006 and 53 percent in 2005 of all governmental disbursements. Public safety also represents a significant cost, about 24 percent in 2006 and 18 percent in 2005. The next column of the Statement entitled Program Cash Receipts identify grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$90,081	\$83,449	\$96,597	\$96,597
Public Safety	111,788	111,788	108,746	108,746
Public Works	250,101	136,299	323,267	225,644
Capital Outlay	10,187	10,187	78,644	78,644
<b>Total Expenses</b>	<b>\$462,157</b>	<b>\$341,723</b>	<b>\$607,254</b>	<b>\$509,631</b>

The dependence upon property tax receipts is apparent as over 70 percent in 2006 and 48 percent in 2005 of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$523,295 in 2006 and \$606,233 in 2005 and disbursements of \$462,157 in 2006 and \$607,254 in 2005. The greatest change for 2006 and 2005 within governmental funds was due to the increase in tax revenue and road projects not completed in the Road District Fund in 2006 since the storm damage clean up took priority. The Township also received \$64,797 in federal funds (FEMA) to cover a portion of road damage due to flooding and ice damage in early 2005.

**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 did not need to amend its General Fund budget. Final budgeted receipts did not change from the original budgeted receipts. General Fund final disbursements were budgeted at \$91,127, while actual disbursements were \$87,118.

**Sugarcreek Township**  
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During 2005, the Township amended its General Fund budget three times to reflect changing circumstances. As previously mentioned, the Township received \$57,908 in inheritance tax and \$10,778 from the sale of road equipment, and \$1,065 for property tax. General Fund disbursements were originally budgeted at \$100,764 and final budgeted disbursements were \$170,869, an increase of \$70,105 or 69 percent from the original budgeted disbursements. This increase was due to the Township receiving more receipts as noted above and supplemental appropriations for the purchase of a new loader.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services. We anticipate operations and spending to increase in subsequent years due to postponed road improvements which were intended to be completed during 2006.

**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 Ruth M. Wisselgren, Fiscal Officer, Sugarcreek Township, P. O. Box 432, Beach City, Ohio 44608.

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash	<u>\$211,314</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$205,727
Unrestricted	<u>5,587</u>
<i>Total Net Assets</i>	<u>\$211,314</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
<b>Governmental Activities</b>			
General Government	\$90,081	\$6,632	(\$83,449)
Public Safety	111,788		(111,788)
Public Works	250,101	113,802	(136,299)
Capital Outlay	10,187		(10,187)
<i>Total Governmental Activities</i>	<u>\$462,157</u>	<u>\$120,434</u>	(341,723)
<b>General Receipts</b>			
Property Taxes			325,114
Grants and Entitlements not Restricted to Specific Programs			75,491
Miscellaneous			1,174
Earnings on Investments			1,082
<i>Total General Receipts</i>			402,861
Change in Net Assets			61,138
<i>Net Assets Beginning of Year</i>			150,176
<i>Net Assets End of Year</i>			<u>\$211,314</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>							
Equity in Pooled Cash	\$5,587	\$35,789	\$68,172	\$4,720	\$89,411	\$7,635	\$211,314
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$5,587						5,587
Special Revenue Funds		35,789	68,172	4,720	89,411	7,635	205,727
<i>Total Fund Balances</i>	<u>\$5,587</u>	<u>\$35,789</u>	<u>\$68,172</u>	<u>\$4,720</u>	<u>\$89,411</u>	<u>\$7,635</u>	<u>\$211,314</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$35,645		\$89,009	\$98,281	\$102,179		\$325,114
Intergovernmental	41,757	92,923	11,992	12,975	14,601	\$18,541	192,789
Special Assessments						3,136	3,136
Earnings on Investments	855	197				30	1,082
Miscellaneous			1,133			41	1,174
<b>Total Receipts</b>	<b>78,257</b>	<b>93,120</b>	<b>102,134</b>	<b>111,256</b>	<b>116,780</b>	<b>21,748</b>	<b>523,295</b>
<b>Disbursements</b>							
Current:							
General Government	86,927		2,574			580	90,081
Public Safety				111,788			111,788
Public Works	191	81,783	80,633		65,340	22,155	250,102
Capital Outlay		5,000	5,186				10,186
<b>Total Disbursements</b>	<b>87,118</b>	<b>86,783</b>	<b>88,393</b>	<b>111,788</b>	<b>65,340</b>	<b>22,735</b>	<b>462,157</b>
Excess of Receipts Over (Under) Disbursements	(8,861)	6,337	13,741	(532)	51,440	(987)	61,138
<b>Net Change in Fund Balances</b>	<b>(8,861)</b>	<b>6,337</b>	<b>13,741</b>	<b>(532)</b>	<b>51,440</b>	<b>(987)</b>	<b>61,138</b>
Fund Balances Beginning of Year	14,448	29,452	54,431	5,252	37,971	8,622	150,176
<b>Fund Balances End of Year</b>	<b>\$5,587</b>	<b>\$35,789</b>	<b>\$68,172</b>	<b>\$4,720</b>	<b>\$89,411</b>	<b>\$7,635</b>	<b>\$211,314</b>

See accompanying notes to the basic financial statements



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$34,043	\$34,043	\$35,645	\$1,602
Intergovernmental	38,828	42,078	41,757	(321)
Earnings on Investments	711	711	855	144
Miscellaneous	3,250			0
<i>Total Receipts</i>	76,832	76,832	78,257	1,425
<b>Disbursements</b>				
Current:				
General Government	90,910	90,910	86,927	3,983
Public Works	216	216	191	25
Capital Outlay	1	1		1
<i>Total Disbursements</i>	91,127	91,127	87,118	4,009
<i>Excess of Receipts Over/(Under) Disbursements</i>	(14,295)	(14,295)	(8,861)	5,434
<i>Net Change in Fund Balance</i>	(14,295)	(14,295)	(8,861)	5,434
<i>Fund Balance Beginning of Year</i>	13,741	13,741	13,741	0
<i>Prior Year Encumbrances Appropriated</i>	708	708	708	0
<i>Fund Balance End of Year</i>	\$154	\$154	\$5,588	\$5,434

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$56,708	\$78,289	\$92,923	\$14,634
Earnings on Investments	100	100	197	97
<i>Total Receipts</i>	<u>56,808</u>	<u>78,389</u>	<u>93,120</u>	<u>14,731</u>
<b>Disbursements</b>				
Current:				
Public Works	80,740	102,321	81,783	20,538
Capital Outlay	5,000	5,000	5,000	0
<i>Total Disbursements</i>	<u>85,740</u>	<u>107,321</u>	<u>86,783</u>	<u>20,538</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(28,932)</u>	<u>(28,932)</u>	<u>6,337</u>	<u>35,269</u>
<i>Net Change in Fund Balance</i>	(28,932)	(28,932)	6,337	35,269
<i>Fund Balance Beginning of Year</i>	28,932	28,932	28,932	0
<i>Prior Year Encumbrances Appropriated</i>	<u>520</u>	<u>520</u>	<u>520</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$520</u></u>	<u><u>\$520</u></u>	<u><u>\$35,789</u></u>	<u><u>\$35,269</u></u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$86,000	\$86,000	\$89,009	\$3,009
Intergovernmental	11,808	13,133	11,992	(1,141)
Miscellaneous	1,325		1,133	1,133
<i>Total Receipts</i>	99,133	99,133	102,134	3,001
<b>Disbursements</b>				
Current:				
General Government	2,500	2,574	2,574	0
Public Works	139,637	139,563	80,633	58,930
Capital Outlay	10,227	10,227	5,186	5,041
<i>Total Disbursements</i>	152,364	152,364	88,393	63,971
<i>Excess of Receipts Over/(Under) Disbursements</i>	(53,231)	(53,231)	13,741	66,972
<i>Net Change in Fund Balance</i>	(53,231)	(53,231)	13,741	66,972
<i>Fund Balance Beginning of Year</i>	52,094	52,094	52,094	0
Prior Year Encumbrances Appropriated	2,337	2,337	2,337	0
<i>Fund Balance End of Year</i>	\$1,200	(\$1,137)	\$65,835	\$66,972

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Road District Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$95,500	\$95,500	\$102,179	\$6,679
Intergovernmental	16,479	17,738	14,601	(3,137)
Miscellaneous	1,259			0
<i>Total Receipts</i>	<u>113,238</u>	<u>113,238</u>	<u>116,780</u>	<u>3,542</u>
<b>Disbursements</b>				
Current:				
Public Works	151,209	151,209	65,339	85,870
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(37,971)</u>	<u>(37,971)</u>	<u>51,441</u>	<u>89,412</u>
<i>Net Change in Fund Balance</i>	(37,971)	(37,971)	51,441	89,412
<i>Fund Balance Beginning of Year</i>	37,244	37,244	37,244	0
<i>Prior Year Encumbrances Appropriated</i>	727	727	727	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$89,412</u>	<u>\$89,412</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$94,101	\$94,101	\$98,281	\$4,180
Intergovernmental	12,650	13,795	12,975	(820)
Earnings on Investments	1,145			0
<i>Total Receipts</i>	<u>107,896</u>	<u>107,896</u>	<u>111,256</u>	<u>3,360</u>
<b>Disbursements</b>				
Current:				
Public Safety	113,148	113,148	111,788	1,360
<i>Total Disbursements</i>	<u>113,148</u>	<u>113,148</u>	<u>111,788</u>	<u>1,360</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(5,252)</u>	<u>(5,252)</u>	<u>(532)</u>	<u>4,720</u>
<i>Net Change in Fund Balance</i>	(5,252)	(5,252)	(532)	4,720
<i>Fund Balance Beginning of Year</i>	5,252	5,252	5,252	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$4,720</u>	<u>\$4,720</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2005*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash	<u>\$150,176</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$135,727
Unrestricted	<u>14,449</u>
<i>Total Net Assets</i>	<u>\$150,176</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2005*

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
<b>Governmental Activities</b>			
General Government	\$96,597		(\$96,597)
Public Safety	108,746		(108,746)
Public Works	323,267	\$97,623	(225,644)
Capital Outlay	78,644		(78,644)
<i>Total Governmental Activities</i>	<u>\$607,254</u>	<u>\$97,623</u>	(509,631)
<b>General Receipts</b>			
Property Taxes			289,782
Grants and Entitlements not Restricted to Specific Programs			201,729
Sale of Capital Assets			10,778
Miscellaneous			5,631
Interest			690
<i>Total General Receipts</i>			508,610
Change in Net Assets			(1,021)
<i>Net Assets Beginning of Year</i>			<u>151,197</u>
<i>Net Assets End of Year</i>			<u>\$150,176</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005*

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>							
Equity in Pooled Cash	\$14,449	\$29,452	\$54,431	\$5,252	\$37,971	\$8,621	\$150,176
<b>Fund Balances</b>							
Reserved for Encumbrances	\$708	\$520	\$2,337		\$727	\$627	\$4,919
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	13,741						13,741
Special Revenue Funds		28,932	52,094	5,252	37,244	7,994	131,516
<i>Total Fund Balances</i>	<u>\$14,449</u>	<u>\$29,452</u>	<u>\$54,431</u>	<u>\$5,252</u>	<u>\$37,971</u>	<u>\$8,621</u>	<u>\$150,176</u>

See accompanying notes to the basic financial statements



**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Cash Receipts, Disbursements and Changes  
in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005*

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	MISCELLANEOUS SPECIAL REVENUE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>								
Property and Other Local Taxes	\$34,907		\$86,629	\$95,016	\$73,230			\$289,782
Intergovernmental	102,474	\$77,111	11,808	12,835	9,815	\$64,797	16,943	295,783
Special Assessments							3,569	3,569
Earnings on Investments	569	98					23	690
Miscellaneous	2,163		429		2,479		560	5,631
<b>Total Receipts</b>	<b>140,113</b>	<b>77,209</b>	<b>98,866</b>	<b>107,851</b>	<b>85,524</b>	<b>64,797</b>	<b>21,095</b>	<b>595,455</b>
<b>Disbursements</b>								
Current:								
General Government	92,403	4,194						96,597
Public Safety				108,746				108,746
Public Works	186	59,136	84,048		95,223	64,797	19,877	323,267
Capital Outlay	69,186	4,641	4,817					78,644
<b>Total Disbursements</b>	<b>161,775</b>	<b>67,971</b>	<b>88,865</b>	<b>108,746</b>	<b>95,223</b>	<b>64,797</b>	<b>19,877</b>	<b>607,254</b>
Excess of Receipts Over (Under) Disbursements	(21,662)	9,238	10,001	(895)	(9,699)	0	1,218	(11,799)
Other Financing Sources (Uses)								
Sale of Capital Assets	10,778							10,778
<b>Total Other Financing Sources (Uses)</b>	<b>10,778</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,778</b>
<b>Net Change in Fund Balances</b>	<b>(10,884)</b>	<b>9,238</b>	<b>10,001</b>	<b>(895)</b>	<b>(9,699)</b>	<b>0</b>	<b>1,218</b>	<b>(1,021)</b>
Fund Balances Beginning of Year	25,333	20,214	44,430	6,147	47,670	0	7,403	151,197
<b>Fund Balances End of Year</b>	<b>\$14,449</b>	<b>\$29,452</b>	<b>\$54,431</b>	<b>\$5,252</b>	<b>\$37,971</b>	<b>\$0</b>	<b>\$8,621</b>	<b>\$150,176</b>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$34,001	\$35,066	\$34,907	(\$159)
Intergovernmental	39,925	97,833	102,474	4,641
Earnings on Investments	450	450	569	119
Miscellaneous	1,592	1,592	2,163	571
<i>Total Receipts</i>	75,968	134,941	140,113	5,172
<b>Disbursements</b>				
Current:				
General Government	100,562	101,466	93,081	8,385
Public Works	202	217	215	2
Capital Outlay		69,186	69,186	0
<i>Total Disbursements</i>	100,764	170,869	162,482	8,387
<i>Excess of Receipts Over/(Under) Disbursements</i>	(24,796)	(35,928)	(22,369)	13,559
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		10,778	10,778	0
<i>Total Other Financing Sources (Uses)</i>		10,778	10,778	0
<i>Net Change in Fund Balance</i>	(24,796)	(25,150)	(11,591)	13,559
<i>Fund Balance Beginning of Year</i>	24,978	24,978	24,978	0
<i>Prior Year Encumbrances Appropriated</i>	354	354	354	0
<i>Fund Balance End of Year</i>	\$536	\$182	\$13,741	\$13,559

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$55,103	\$55,103	\$77,111	\$22,008
Earnings on Investments	50	50	98	48
<i>Total Receipts</i>	<u>55,153</u>	<u>55,153</u>	<u>77,209</u>	<u>22,056</u>
<b>Disbursements</b>				
Current:				
General Government		5,000	4,194	806
Public Works	75,366	65,266	59,656	5,610
Capital Outlay		5,100	4,641	459
<i>Total Disbursements</i>	<u>75,366</u>	<u>75,366</u>	<u>68,491</u>	<u>6,875</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(20,213)</u>	<u>(20,213)</u>	<u>8,718</u>	<u>28,931</u>
<i>Net Change in Fund Balance</i>	(20,213)	(20,213)	8,718	28,931
<i>Fund Balance Beginning of Year</i>	20,213	20,213	20,213	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$28,931</u>	<u>\$28,931</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$83,646	\$83,646	\$86,629	\$2,983
Intergovernmental	11,500	11,500	11,808	308
Miscellaneous	546	546	429	(117)
<i>Total Receipts</i>	95,692	95,692	98,866	3,174
<b>Disbursements</b>				
Current:				
General Government	1	1		1
Public Works	130,122	118,143	86,385	31,758
Capital Outlay	5,000	20,015	4,817	15,198
<i>Total Disbursements</i>	135,123	138,159	91,202	46,957
<i>Excess of Receipts Over/(Under) Disbursements</i>	(39,431)	(42,467)	7,664	50,131
<i>Net Change in Fund Balance</i>	(39,431)	(42,467)	7,664	50,131
<i>Fund Balance Beginning of Year</i>	41,393	41,393	41,393	0
Prior Year Encumbrances Appropriated	3,037	3,037	3,037	0
<i>Fund Balance End of Year</i>	\$4,999	(\$1,074)	\$49,057	\$50,131

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$91,915	\$91,915	\$95,016	\$3,101
Intergovernmental	12,500	12,500	12,835	335
<i>Total Receipts</i>	<u>104,415</u>	<u>104,415</u>	<u>107,851</u>	<u>3,436</u>
<b>Disbursements</b>				
Current:				
Public Safety	110,562	110,562	108,746	1,816
<i>Total Disbursements</i>	<u>110,562</u>	<u>110,562</u>	<u>108,746</u>	<u>1,816</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(6,147)</u>	<u>(6,147)</u>	<u>(895)</u>	<u>5,252</u>
<i>Net Change in Fund Balance</i>	(6,147)	(6,147)	(895)	5,252
<i>Fund Balance Beginning of Year</i>	6,147	6,147	6,147	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$5,252</u>	<u>\$5,252</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Road District Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$70,361	\$70,361	\$73,230	\$2,869
Intergovernmental	9,500	9,500	9,815	315
Earnings on Investments			2,479	2,479
<i>Total Receipts</i>	<u>79,861</u>	<u>79,861</u>	<u>85,524</u>	<u>5,663</u>
<b>Disbursements</b>				
Current:				
Public Works	122,530	123,423	95,950	27,473
<i>Total Disbursements</i>	<u>122,530</u>	<u>123,423</u>	<u>95,950</u>	<u>27,473</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(42,669)</u>	<u>(43,562)</u>	<u>(10,426)</u>	<u>33,136</u>
<i>Net Change in Fund Balance</i>	(42,669)	(43,562)	(10,426)	33,136
<i>Fund Balance Beginning of Year</i>	46,777	46,777	46,777	0
<i>Prior Year Encumbrances Appropriated</i>	892	892	892	0
<i>Fund Balance End of Year</i>	<u>\$5,000</u>	<u>\$4,107</u>	<u>\$37,243</u>	<u>\$33,136</u>

See accompanying notes to the basic financial statements

**SUGARCREEK TOWNSHIP  
STARK COUNTY**

*Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual -Budget Basis  
Miscellaneous Special Revenue  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$64,797	\$64,797	\$64,797	\$0
<i>Total Receipts</i>	<u>64,797</u>	<u>64,797</u>	<u>64,797</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Public Works	64,797	64,797	64,797	0
<i>Total Disbursements</i>	<u>64,797</u>	<u>64,797</u>	<u>64,797</u>	<u>0</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 1 – Reporting Entity**

Sugarcreek Township, Stark County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads. The Township contracts with the Stark County Sheriff's Department to provide police protection. Fire protection and emergency medical services are provided by Wilmot Fire and Rescue, the Village of Beach City, and the Village of Brewster through a two-year agreement with the Township.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Sugarcreek Township has no component units.

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

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

The Township participates in a jointly governed organization which is the Stark County Regional Planning Commission. The Stark County Regional Planning Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. Note 10 to the financial statements provide additional information for this entity.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 1 – Reporting Entity** (Continued)

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 cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. All activities of the Township are governmental activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township does not report any business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental 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.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, Road District Fund, and Miscellaneous Special Revenue Fund (2005 only). The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintaining, and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads. The Fire District Fund is used to account for fire levy monies to provide fire protection and ambulance services to the Township contracts with the Village of Brewster, Village of Beach City, and Wilmot Fire and Rescue, Inc. for those services. The Road District Fund is used to account for property tax money for constructing, maintaining and repairing Township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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

D. Budgetary Process

All 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.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

E. Cash

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash". Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 were \$855 and \$569, respectively.

F. Restricted Assets

Cash is reported as restricted when limitations on its use change the nature or normal understanding of its use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for constructing, maintaining, and repairing Township roads and for fire protection services. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Reserves have been established for encumbrances.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

**Note 4 – Deposits and Investments**

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

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

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

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

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

1. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
2. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
3. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$120,192 of the Township's bank balance of \$220,192, and at December 31, 2005, \$56,955 of the Township's bank balance of \$156,955, were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities specifically pledged by the financial institution to the Township.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006 and 2005, the Township had no investments.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. 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, 2005, 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 was assessed at 18.75 percent of true value for capital assets and 18.75 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 years ended December 31, 2006 and 2005, were \$7.70 and \$8.70 per \$1,000 of assessed value, respectively. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	<u>2006</u>	<u>2005</u>
Real Property and Public Utility	\$48,005,250	\$46,674,320
Tangible Personal Property	<u>898,586</u>	<u>1,198,114</u>
Total Assessed Value	<u>\$48,903,836</u>	<u>\$47,872,434</u>

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 6 – Risk Management**

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

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

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

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

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 7 - Defined Benefit Pension Plans**

***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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations for the years ended December 31, 2006, 2005, and 2004 were \$12,787, \$13,534 and \$13,417, respectively; the full amount has been contributed for 2006, 2005 and 2004.

**Note 8 - Postemployment Benefits**

***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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age 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 nine years.

Sugarcreek Township  
Stark County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 8 - Postemployment Benefits** (Continued)

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$4,200. 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 9 – Contingent Liability**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the state government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugarcreek Township, Stark County, Ohio, (the Township) as of and for the year ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 31, 2007 wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our 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 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 defined above.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated December 31, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

December 31, 2007



**Mary Taylor, CPA**  
Auditor of State

**SUGARCREEK TOWNSHIP**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 6, 2008**