



**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sugar Grove
Fairfield County
101 Bridge Street, PO Box 7
Sugar Grove, Ohio 43155-0007

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sugar Grove, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 2005, and December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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 Village 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 Village 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 modified 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 modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sugar Grove, Fairfield County, Ohio, as of December 31, 2005 and December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General and Street Construction Maintenance and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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For the year ended December 31, 2004, the Village 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 August 1, 2006, on our consideration of the Village'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.



Betty Montgomery
Auditor of State

August 1, 2006

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED**

This discussion and analysis of the Village of Sugar Grove, Ohio (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2005 and December 31, 2004, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$53,093, or 37 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents are the General Fund and the Fire Hydrant Replacement Fund. The General Fund increased due to a significant increase in municipal income tax receipts. The Fire Hydrant Replacement Fund increased due to a donation of \$15,596 from Berne Township toward that project.

The Village's general receipts are primarily property and income taxes. These receipts represent 10 and 47 percent of the total cash received for governmental activities during the year, respectively. Property tax receipts for 2005 changed very little compared to 2004 as development within the Village has slowed.

Net assets of business type activities increased \$13,878 or 43%. All of the Village's enterprise funds except the OWDA loan fund had receipts exceeding disbursements due to increases in water, sewer, and sanitation rates. The Village also received an OWDA Loan for water line and fire hydrant replacement in the amount of \$62,041.

Key highlights for 2004 are as follows:

Net assets of governmental activities increased \$20,859, or 17 percent, a significant change from the prior year. The funds most affected are the General Fund and Street Construction Maintenance and Repair Fund. The funds increased due to a significant decrease in disbursements over 2003.

The Village's general receipts are primarily property and income taxes. These receipts represent 10 and 42 percent of the total cash received for governmental activities during the year, respectively. Property and income tax receipts for 2004 changed very little compared to 2003.

Net assets of business type activities decreased \$17,939 which is a decrease similar to that in 2003.

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 Village's modified cash basis of accounting.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village 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 Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Village as a Whole

The statements of net assets and the statements of activities reflect how the Village did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statements of net assets present the cash balances and investments of the governmental and business-type activities of the Village at year end. The statements of activities compare cash disbursements with program receipts for each governmental program and business-type activity. 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 or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the extent of the Village'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.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants, income taxes, and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has water, sewer, and sanitation operations. Most business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village 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 Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village'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 Village's programs. The Village'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 Village's major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, FEMA Fund (2005 only), and CDBG Storm Fund (2004 only). The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's major enterprise funds are the Water Operating Fund, Sewer Operating Fund, Sanitation Fund, OWDA Loan Fund (2005 only), and Replacement and Improvement Water Operating Fund (2004 only).

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 and 2004 compared to 2003 on a modified cash basis.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

(Table 1)						
Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Cash and Cash Equivalents	\$192,755	\$139,662	\$46,049	\$32,171	\$238,804	\$171,833
Restricted Investments	5,000	5,000	-	-	5,000	5,000
Total Assets	197,755	144,662	46,049	32,171	243,804	176,833
Net Assets						
Restricted for:						
Capital Projects	15,957	-	-	-	15,957	-
Permanent Fund						
Expendable	57	57	-	-	57	57
Non-Expendable	5,000	5,000	-	-	5,000	5,000
Other Purposes	52,632	33,837	-	-	52,632	33,837
Unrestricted	124,109	105,768	46,049	32,171	170,158	137,939
Total Net Assets	\$197,755	\$144,662	\$46,049	\$32,171	\$243,804	\$176,833
Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Cash and Cash Equivalents	\$139,662	\$118,803	\$32,171	\$50,110	\$171,833	\$168,913
Restricted Investments	5,000	5,000	-	-	5,000	5,000
Total Assets	144,662	123,803	32,171	50,110	176,833	173,913
Net Assets						
Restricted for:						
Capital Projects	-	799	-	-	-	799
Permanent Fund						
Expendable	57	57	-	-	57	57
Non-Expendable	5,000	5,000	-	-	5,000	5,000
Other Purposes	33,837	18,860	-	-	33,837	18,860
Unrestricted	105,768	99,087	32,171	50,110	137,939	149,197
Total Net Assets	\$144,662	\$123,803	\$32,171	\$50,110	\$176,833	\$173,913

As mentioned previously, net assets of governmental activities increased \$53,093 or 37 percent during 2005. The primary reasons contributing to the increase in net assets were as follows:

- Income tax receipts increased in the amount of \$12,427.
- The Village received a donation of \$15,596 toward the fire hydrant project.
- Grant funds increased approximately \$14,000.

Net assets of business type activities increased \$13,878 or 43 percent during 2005 as a result of increases in water, sewer, and sanitation rates.

As mentioned previously, net assets of governmental activities increased \$20,859 or 17 percent during 2004. The increase was due to a significant decrease in disbursements of approximately \$66,070. The Village decreased expenditures for security of persons and property and transportation during 2004.

Net assets of business type activities decreased \$17,939 during 2004 which is a decrease similar to that in 2003.

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented between 2004 and 2003. In future years, when prior year information is available, a comparative analysis will be presented.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$5,912	\$4,098	\$10,010
Operating Grants and Contributions	31,698	28,263	59,961
Capital Grants and Contributions	63,646	34,000	97,646
Total Program Receipts	<u>101,256</u>	<u>66,361</u>	<u>167,617</u>
General Receipts:			
Property and Other Local Taxes	24,626	24,350	48,976
Income Taxes	92,749	80,321	173,070
Unrestricted Grants and Entitlements	19,350	19,590	
Interest	2,075	1,773	3,848
Miscellaneous	619	450	1,069
Total General Receipts	<u>139,419</u>	<u>126,484</u>	<u>265,903</u>
Total Receipts	<u>240,675</u>	<u>192,845</u>	<u>433,520</u>
Disbursements:			
General Government	85,560	85,563	171,123
Security of Persons and Property:	35,373	31,633	67,006
Public Health Services	1,310	1,238	2,548
Leisure Time Activities	24	0	24
Community Environment	1,618	2,616	4,234
Transportation	16,008	16,137	32,145
Capital Outlay	47,689	34,799	82,488
Total Disbursements	<u>187,582</u>	<u>171,986</u>	<u>359,568</u>
Increase (Decrease) in Net Assets	53,093	20,859	73,952
Net Assets, January 1	<u>144,662</u>	<u>123,803</u>	<u>268,465</u>
Net Assets, December 31	<u>\$197,755</u>	<u>\$144,662</u>	<u>\$342,417</u>
	Business Type Activities 2005	Business Type Activities 2004	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$109,695	\$89,014	\$198,709
Total Program Receipts	<u>109,695</u>	<u>89,014</u>	<u>198,709</u>
General Receipts:			
Sale of Notes	62,041		62,041
Total General Receipts	<u>62,041</u>	<u>0</u>	<u>62,041</u>
Total Receipts	<u>171,736</u>	<u>89,014</u>	<u>260,750</u>
Disbursements:			
Water Operating	32,005	37,085	69,090
Water Replacement & Improvement	1,016	14,936	15,952
Sewer Operating	37,056	29,606	66,662
Sanitation	25,740	25,326	51,066
OWDA Loan	62,041	0	62,041
Total Disbursements	<u>157,858</u>	<u>106,953</u>	<u>264,811</u>
	13,878	(17,939)	(4,061)
Net Assets, January 1	<u>32,171</u>	<u>50,110</u>	<u>82,281</u>
Net Assets, December 31	<u>\$46,049</u>	<u>\$32,171</u>	<u>\$78,220</u>

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

Governmental Activities

In 2005 and 2004, program receipts represent 42 and 34 percent, respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and grants, building permits and inspection fees.

In 2005 and 2004, general receipts represent 58 and 66 percent, respectively, of the Villages total receipts. Of this amount, 49 and 54 percent are local taxes in 2005 and 2004 respectively. State and federal grants and entitlements make up most of the balance of the Village's general receipts. These grants represent 8 and 10 percent of general receipts in 2005 and 2004, respectively. Interest and other receipts are an insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, clerk, and general operations of the Village.

Security of Persons and Property are the costs of police protection; Public Health Services is a portion of BWC fees and PERS; Leisure Time Activities are the costs of maintaining the parks and playing fields; the community environment is the costs of maintaining trees and flowers; and Transportation is the cost of maintaining the roads.

If you look at the Statements of Activities on pages 12 and 21, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2005, the major program disbursements for governmental activities were for general government, security of persons and property, and capital outlay which account for 46, 19, and 25 percent of governmental disbursements, respectively. In 2004, the major program disbursements for governmental activities were also for general government, security of persons and property, and capital outlay, which account for 50, 18, and 20 percent of all governmental disbursements, respectively. 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 Village 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 and unrestricted grants. These net costs are paid from the general receipts which are presented at the bottom of the statements. A comparison between the total cost of services and the net cost is presented in Table 3.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$85,560	\$80,020
Security of Persons and Property	35,373	\$16,993
Public Health Services	1,310	1,310
Leisure Time Activities	24	11
Community Environment	1,618	1,259
Transportation	16,008	(12,906)
Capital Outlay	47,689	(361)
Total Expenses	\$187,582	\$86,326

	Total Cost Of Services 2004	Net Cost of Services 2004
General Government	\$85,563	\$81,896
Security of Persons and Property	31,633	31,633
Public Health Services	1,238	1,238
Community Environment	2,616	2,185
Transportation	16,137	(12,126)
Capital Outlay	34,799	799
Total Expenses	\$171,986	\$105,625

The dependence upon property and income tax receipts is apparent as over 46 and 61 percent in 2005 and 2004 respectively, of governmental activities are supported through these general receipts.

Business Type Activities

Net Assets of business type activities increased in 2005 by \$13,878 and decreased in 2004 by \$17,939. The major revenue source in both years was charges for services for water, sewer, and sanitation. The net increase in 2005 was the result of an increase in rates.

The Village's Funds

Total governmental funds had receipts of \$240,675 and \$192,845 in 2005 and 2004, respectively, and disbursements of \$187,582 and \$171,986, respectively. In 2005, the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$20,583 as the result of an increase in municipal income taxes. In 2004, the greatest change within the governmental funds occurred with the Street Construction, Maintenance, and Repair Fund. The fund balance of this fund increased \$13,463 as a result of a decrease in transportation disbursements.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The Village'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 2005 and 2004, the Village amended its General Fund budget a few times to reflect changing circumstances. In 2005, the difference between final budgeted receipts and actual receipts was significant due to the increase in income tax receipts but not a significant change in 2004. In 2004, final budgeted receipts were above original budgeted receipts due to growth in all revenue sources except earnings on investment.

In 2005 and 2004, final disbursements were budgeted at \$154,834 and \$160,341, respectively, while actual disbursements were \$123,920 and \$121,509, respectively. The Village kept spending under budgeted amounts as demonstrated by the reported variances. In 2005 and 2004, the result is the budget basis fund balance of \$125,768 and \$104,366, respectively.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2005, the Village's outstanding debt included \$62,041 in OWDA loan issued for water line and fire hydrant replacement design. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local and income taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that slight increases were likely. We then reviewed the disbursement history of the Village in which revenues outweigh disbursements.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village'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 Kathy Thimmes, Clerk-Treasurer, Village of Sugar Grove, 101 Bridge Street, P.O. Box 7., Sugar Grove, Ohio 43155-0007.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$192,755	\$46,049	\$238,804
Investments	5,000	0	5,000
<i>Total Assets</i>	<u>197,755</u>	<u>46,049</u>	<u>243,804</u>
Net Assets			
Restricted for:			
Capital Projects	15,957	0	15,957
Permanent Fund			
Expendable	57	0	57
Nonexpendable	5,000	0	5,000
Other Purposes	52,632	0	52,632
Unrestricted	124,109	46,049	170,158
<i>Total Net Assets</i>	<u>\$197,755</u>	<u>\$46,049</u>	<u>\$243,804</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE,
FAIRFIELD COUNTY

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$35,373	\$0	\$2,784	\$15,596	(\$16,993)	\$0	(\$16,993)
Public Health Services	1,310	0	0	0	(1,310)	0	(1,310)
Leisure Time Activities	24	13	0	0	(11)	0	(11)
Community Environment	1,618	359	0	0	(1,259)	0	(1,259)
Transportation	16,008	0	28,914	0	12,906	0	12,906
General Government	85,560	5,540	0	0	(80,020)	0	(80,020)
Capital Outlay	47,689	0	0	48,050	361	0	361
<i>Total Governmental Activities</i>	<u>187,582</u>	<u>5,912</u>	<u>31,698</u>	<u>63,646</u>	<u>(86,326)</u>	<u>0</u>	<u>(86,326)</u>
Business Type Activities							
Water Operating	32,005	37,101	0	0	0	5,096	5,096
Water Operating Replacement&Improvement	1,016	4,246	0	0	0	3,230	3,230
Sewer Operating	37,056	41,677	0	0	0	4,621	4,621
Sanitation	25,740	26,671	0	0	0	931	931
OWDA Loan Fire Hydrant & Water Line Replacement	62,041	0	0	0	0	(62,041)	(62,041)
<i>Total Business Type Activities</i>	<u>157,858</u>	<u>109,695</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(48,163)</u>	<u>(48,163)</u>
<i>Total Primary Government</i>	<u>345,440</u>	<u>115,607</u>	<u>31,698</u>	<u>63,646</u>	<u>(86,326)</u>	<u>(48,163)</u>	<u>(134,489)</u>
General Receipts							
Property Taxes					19,816	0	19,816
Municipal Income Taxes					92,749	0	92,749
Other Taxes					4,810	0	4,810
Unrestricted Grants and Entitlements					19,350	0	19,350
Sale of Notes					0	62,041	62,041
Earnings on Investments					2,075	0	2,075
Miscellaneous					619	0	619
<i>Total General Receipts</i>					<u>139,419</u>	<u>62,041</u>	<u>201,460</u>
Change in Net Assets					53,093	13,878	66,971
<i>Net Assets Beginning of Year</i>					<u>144,662</u>	<u>32,171</u>	<u>176,833</u>
<i>Net Assets End of Year</i>					<u>\$197,755</u>	<u>\$46,049</u>	<u>\$243,804</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE, FAIRFIELD COUNTY
FAIRFIELD COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	FEMA	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$126,351	\$39,579	\$361	\$26,464	\$192,755
Investments	0	0	0	5,000	5,000
<i>Total Assets</i>	<u>126,351</u>	<u>39,579</u>	<u>361</u>	<u>31,464</u>	<u>197,755</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	583	864	78,631	56,133	136,211
Reserved for Permanent Fund	0	0	0	5,000	5,000
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	125,768	0	0	0	125,768
Special Revenue Funds	0	38,715	0	10,811	49,526
Capital Projects Funds	0	0	(78,270)	(40,537)	(118,807)
Permanent Fund	0	0	0	57	57
<i>Total Fund Balances</i>	<u>\$126,351</u>	<u>\$39,579</u>	<u>\$361</u>	<u>\$31,464</u>	<u>\$197,755</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	FEMA	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Receipts					
Property and Other Local Taxes	\$19,816	\$0	\$0	\$2,513	\$22,329
Municipal Income Taxes	92,749	0	0	0	92,749
Intergovernmental	19,350	27,735	48,050	16,775	111,910
Charges for Services	0	0	0	12	12
Fines, Licenses and Permits	7,266	0	0	930	8,196
Earnings on Investments	1,686	308	0	82	2,076
Miscellaneous	3,053	0	0	350	3,403
Total Receipts	143,920	28,043	48,050	20,662	240,675
Disbursements					
Current:					
Security of Persons and Property	35,373	0	0	0	35,373
Public Health Services	1,310	0	0	0	1,310
Leisure Time Activities	0	0	0	24	24
Community Environment	1,618	0	0	0	1,618
Transportation	0	14,728	0	1,280	16,008
General Government	85,036	0	0	524	85,560
Capital Outlay	0	0	47,689	0	47,689
Total Disbursements	123,337	14,728	47,689	1,828	187,582
Excess of Receipts Over (Under) Disbursements	20,583	13,315	361	18,834	53,093
Other Financing Sources (Uses)					
Advances In	40,573	0	40,573	0	81,146
Advances Out	(40,573)	0	(40,573)	0	(81,146)
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	20,583	13,315	361	18,834	53,093
Fund Balances Beginning of Year	105,768	26,264	0	12,630	144,662
Fund Balances End of Year	\$126,351	\$39,579	\$361	\$31,464	\$197,755

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$18,000	\$18,926	\$19,816	\$890
Municipal Income Taxes	75,000	77,835	92,749	14,914
Intergovernmental	18,598	18,972	19,350	378
Fines, Licenses and Permits	4,600	6,453	7,266	813
Earnings on Investments	370	1,285	1,686	401
Miscellaneous	200	2,865	3,053	188
<i>Total receipts</i>	<u>116,768</u>	<u>126,336</u>	<u>143,920</u>	<u>17,584</u>
Disbursements				
Current:				
Security of Persons and Property	38,875	40,181	35,481	4,700
Public Health Services	1,310	1,310	1,310	0
Leisure Time Activities	1,000	1,000	0	1,000
Community Environment	2,644	2,644	1,618	1,026
General Government	109,604	109,699	85,511	24,188
<i>Total Disbursements</i>	<u>153,433</u>	<u>154,834</u>	<u>123,920</u>	<u>30,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,665)</u>	<u>(28,498)</u>	<u>20,000</u>	<u>48,498</u>
Other Financing Sources (Uses)				
Transfers Out	(12,600)	(12,600)	0	12,600
Advances In	0	0	40,573	40,573
Advances Out	(20,000)	(40,573)	(40,573)	0
Other Financing Uses	(15,000)	(15,000)	0	15,000
<i>Total Other Financing Sources (Uses)</i>	<u>(47,600)</u>	<u>(68,173)</u>	<u>0</u>	<u>68,173</u>
<i>Net Change in Fund Balance</i>	(84,265)	(96,671)	20,000	116,671
<i>Fund Balance Beginning of Year</i>	104,366	104,366	104,366	0
Prior Year Encumbrances Appropriated	1,402	1,402	1,402	0
<i>Fund Balance End of Year</i>	<u>\$21,503</u>	<u>\$9,097</u>	<u>\$125,768</u>	<u>\$116,671</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$20,270	\$20,270	\$27,735	\$7,465
Earnings on Investments	100	100	308	208
<i>Total receipts</i>	<u>20,370</u>	<u>20,370</u>	<u>28,043</u>	<u>7,673</u>
Disbursements				
Current:				
Transportation	35,265	35,647	15,592	20,055
<i>Total Disbursements</i>	<u>35,265</u>	<u>35,647</u>	<u>15,592</u>	<u>20,055</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,895)</u>	<u>(15,277)</u>	<u>12,451</u>	<u>27,728</u>
<i>Fund Balance Beginning of Year</i>	25,882	25,882	25,882	0
Prior Year Encumbrances Appropriated	<u>382</u>	<u>382</u>	<u>382</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,369</u>	<u>\$10,987</u>	<u>\$38,715</u>	<u>\$27,728</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	WATER OPERATING FUND	SEWER OPERATING FUND	SANITATION OPERATING FUND	OWDA LOAN FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$11,998	\$18,746	\$10,907	\$0	\$4,398	\$46,049
<i>Total Assets</i>	<u>11,998</u>	<u>18,746</u>	<u>10,907</u>	<u>0</u>	<u>4,398</u>	<u>46,049</u>
Net Assets						
Unrestricted	11,998	18,746	10,907	0	4,398	46,049
<i>Total Net Assets</i>	<u>\$11,998</u>	<u>\$18,746</u>	<u>\$10,907</u>	<u>\$0</u>	<u>\$4,398</u>	<u>\$46,049</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	WATER OPERATING FUND	SEWER OPERATING FUND	SANITATION OPERATING FUND	OWDA LOAN FUND	NONMAJOR ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
Operating Receipts						
Charges for Services	\$37,101	\$41,677	\$26,671	\$0	\$4,246	\$109,695
<i>Total Operating Receipts</i>	<u>37,101</u>	<u>41,677</u>	<u>26,671</u>	<u>0</u>	<u>4,246</u>	<u>109,695</u>
Operating Disbursements						
Personal Services	8,453	2,920	2,920	0	0	14,293
Employee Fringe Benefits	555	150	150	0	0	855
Contractual Services	13,526	32,450	21,961	61,641	0	129,578
Supplies and Materials	7,186	1,536	709	0	1,016	10,447
Other	0	0	0	400	0	400
<i>Total Operating Disbursements</i>	<u>29,720</u>	<u>37,056</u>	<u>25,740</u>	<u>62,041</u>	<u>1,016</u>	<u>155,573</u>
<i>Operating Income (Loss)</i>	<u>7,381</u>	<u>4,621</u>	<u>931</u>	<u>(62,041)</u>	<u>3,230</u>	<u>(45,878)</u>
Non-Operating Receipts (Disbursements)						
Other Debt Proceeds	0	0	0	62,041	0	62,041
Capital Outlay	(2,285)	0	0	0	0	(2,285)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,285)</u>	<u>0</u>	<u>0</u>	<u>62,041</u>	<u>0</u>	<u>59,756</u>
<i>Change in Net Assets</i>	5,096	4,621	931	0	3,230	13,878
<i>Net Assets Beginning of Year</i>	<u>6,902</u>	<u>14,125</u>	<u>9,976</u>	<u>0</u>	<u>1,168</u>	<u>32,171</u>
<i>Net Assets End of Year</i>	<u><u>\$11,998</u></u>	<u><u>\$18,746</u></u>	<u><u>\$10,907</u></u>	<u><u>\$0</u></u>	<u><u>\$4,398</u></u>	<u><u>\$46,049</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - MODIFIED CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10
<i>Total Assets</i>	<u>\$10</u>
Liabilities	
Due to Others	\$10
<i>Total Liabilities</i>	<u>\$10</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$139,662	\$32,171	\$171,833
Investments	5,000	0	5,000
<i>Total Assets</i>	<u>144,662</u>	<u>32,171</u>	<u>176,833</u>
Net Assets			
Restricted for:			
Permanent Fund			
Expendable	57	0	57
Nonexpendable	5,000	0	5,000
Other Purposes	33,837	0	33,837
Unrestricted	105,768	32,171	137,939
<i>Total Net Assets</i>	<u>\$144,662</u>	<u>\$32,171</u>	<u>\$176,833</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$31,633	\$0	\$0	\$0	(\$31,633)	\$0	(\$31,633)
Public Health Services	1,238	0	0	0	(1,238)	0	(1,238)
Community Environment	2,616	431	0	0	(2,185)	0	(2,185)
Transportation	16,137	0	28,263	0	12,126	0	12,126
General Government	85,563	3,667	0	0	(81,896)	0	(81,896)
Capital Outlay	34,799	0	0	34,000	(799)	0	(799)
<i>Total Governmental Activities</i>	<u>171,986</u>	<u>4,098</u>	<u>28,263</u>	<u>34,000</u>	<u>(105,625)</u>	<u>0</u>	<u>(105,625)</u>
Business Type Activities							
Water Operating	37,085	27,405	0	0	0	(9,680)	(9,680)
Water Replacement & Improvement	14,936	3,998	0	0	0	(10,938)	(10,938)
Sewer Operating	29,606	32,360	0	0	0	2,754	2,754
Sanitation	25,326	25,251	0	0	0	(75)	(75)
<i>Total Business Type Activities</i>	<u>106,953</u>	<u>89,014</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(17,939)</u>	<u>(17,939)</u>
<i>Total Primary Government</i>	<u>278,939</u>	<u>93,112</u>	<u>28,263</u>	<u>34,000</u>	<u>(105,625)</u>	<u>(17,939)</u>	<u>(123,564)</u>
General Receipts							
Property Taxes					19,358	0	19,358
Municipal Income Taxes					80,321	0	80,321
Other Taxes					4,992	0	4,992
Unrestricted Grants and Entitlements					19,590	0	19,590
Earnings on Investments					1,773	0	1,773
Miscellaneous					450	0	450
<i>Total General Receipts</i>					<u>126,484</u>	<u>0</u>	<u>126,484</u>
Change in Net Assets					20,859	(17,939)	2,920
<i>Net Assets Beginning of Year</i>					<u>123,803</u>	<u>50,110</u>	<u>173,913</u>
<i>Net Assets End of Year</i>					<u>\$144,662</u>	<u>\$32,171</u>	<u>\$176,833</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	GENERAL	STREET CONST. MAINT.REP.	CDBG STORM	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$105,768	\$26,264	\$0	\$7,630	\$139,662
Investments	0	0	0	5,000	5,000
<i>Total Assets</i>	<u>105,768</u>	<u>26,264</u>	<u>0</u>	<u>12,630</u>	<u>144,662</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	1,402	382	0	0	1,784
Reserved for Permanent Fund	0	0	0	5,000	5,000
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	104,366	0	0	0	104,366
Special Revenue Funds	0	25,882	0	7,573	33,455
Permanent Fund	0	0	0	57	57
<i>Total Fund Balances</i>	<u>\$105,768</u>	<u>\$26,264</u>	<u>\$0</u>	<u>\$12,630</u>	<u>\$144,662</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	GENERAL	STREET CONST. MAINT.REP.	CDBG STORM	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$19,386	\$0	\$0	\$2,806	\$22,192
Municipal Income Taxes	80,321	0	0	0	80,321
Intergovernmental	19,590	26,860	34,000	1,403	81,853
Fines, Licenses and Permits	5,666	0	0	590	6,256
Earnings on Investments	1,525	181	0	67	1,773
Miscellaneous	300	0	0	150	450
Total Receipts	126,788	27,041	34,000	5,016	192,845
Disbursements					
Current:					
Security of Persons and Property	31,633	0	0	0	31,633
Public Health Services	1,238	0	0	0	1,238
Community Environment	2,616	0	0	0	2,616
Transportation	0	13,578	0	2,559	16,137
General Government	84,620	0	0	943	85,563
Capital Outlay	0	0	34,799	0	34,799
Total Disbursements	120,107	13,578	34,799	3,502	171,986
Excess of Receipts Over (Under) Disbursements	6,681	13,463	(799)	1,514	20,859
Other Financing Sources (Uses)					
Advances In	40,573	0	40,573	0	81,146
Advances Out	(40,573)	0	(40,573)	0	(81,146)
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	6,681	13,463	(799)	1,514	20,859
Fund Balances Beginning of Year	99,087	12,801	799	11,116	123,803
Fund Balances End of Year	\$105,768	\$26,264	\$0	\$12,630	\$144,662

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$18,000	\$18,635	\$19,386	\$751
Municipal Income Taxes	75,000	78,940	80,321	1,381
Intergovernmental	18,598	18,977	19,590	613
Fines, Licenses and Permits	4,600	5,465	5,666	201
Earnings on Investments	1,600	1,592	1,525	(67)
Miscellaneous	200	292	300	8
<i>Total receipts</i>	117,998	123,901	126,788	2,887
Disbursements				
Current:				
Security of Persons and Property	39,726	39,726	32,339	7,387
Public Health Services	1,238	1,238	1,238	0
Leisure Time Activities	4,000	4,000	0	4,000
Community Environment	4,642	4,842	2,616	2,226
General Government	110,692	110,535	85,316	25,219
<i>Total Disbursements</i>	160,298	160,341	121,509	38,832
<i>Excess of Receipts Over (Under) Disbursements</i>	(42,300)	(36,440)	5,279	41,719
Other Financing Sources (Uses)				
Other Financing Uses	(10,000)	(10,000)	0	10,000
<i>Total Other Financing Sources (Uses)</i>	(10,000)	(10,000)	0	10,000
<i>Net Change in Fund Balance</i>	(52,300)	(46,440)	5,279	51,719
<i>Fund Balance Beginning of Year</i>	99,087	99,087	99,087	0
<i>Fund Balance End of Year</i>	\$46,787	\$52,647	\$104,366	\$51,719

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$19,170	\$25,036	\$26,860	\$1,824
Earnings on Investments	200	200	181	(19)
<i>Total receipts</i>	<u>19,370</u>	<u>25,236</u>	<u>27,041</u>	<u>1,805</u>
Disbursements				
Current:				
Transportation	29,514	34,514	13,960	20,554
<i>Total Disbursements</i>	<u>29,514</u>	<u>34,514</u>	<u>13,960</u>	<u>20,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,144)</u>	<u>(9,278)</u>	<u>13,081</u>	<u>22,359</u>
<i>Fund Balance Beginning of Year</i>	12,801	12,801	12,801	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,657</u>	<u>\$3,523</u>	<u>\$25,882</u>	<u>\$22,359</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	WATER OPERATING FUND	SEWER OPERATING FUND	SANITATION OPERATING FUND	WATER REPLACEMENT & IMPROVEMENT FUND	TOTAL ENTERPRISE FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,902	\$14,125	\$9,976	\$1,168	\$32,171
<i>Total Assets</i>	<u>6,902</u>	<u>14,125</u>	<u>9,976</u>	<u>1,168</u>	<u>32,171</u>
Net Assets					
Unrestricted	6,902	14,125	9,976	1,168	32,171
<i>Total Net Assets</i>	<u>\$6,902</u>	<u>\$14,125</u>	<u>\$9,976</u>	<u>\$1,168</u>	<u>\$32,171</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	WATER OPERATING FUND	SEWER OPERATING FUND	SANITATION OPERATING FUND	WATER REPLACEMENT & IMPROVEMENT FUND	TOTAL ENTERPRISE FUNDS
Operating Receipts					
Charges for Services	\$27,405	\$32,360	\$25,251	\$3,998	\$89,014
<i>Total Operating Receipts</i>	<u>27,405</u>	<u>32,360</u>	<u>25,251</u>	<u>3,998</u>	<u>89,014</u>
Operating Disbursements					
Personal Services	9,116	2,819	2,819	0	14,754
Employee Fringe Benefits	2,328	120	121	0	2,569
Contractual Services	16,714	21,357	21,239	0	59,310
Supplies and Materials	7,613	2,979	1,147	14,936	26,675
Other	1,314	0	0	0	1,314
<i>Total Operating Disbursements</i>	<u>37,085</u>	<u>27,275</u>	<u>25,326</u>	<u>14,936</u>	<u>104,622</u>
<i>Operating Income (Loss)</i>	<u>(9,680)</u>	<u>5,085</u>	<u>(75)</u>	<u>(10,938)</u>	<u>(15,608)</u>
Non-Operating Receipts (Disbursements)					
Principal Payments	0	(2,178)	0	0	(2,178)
Interest and Fiscal Charges	0	(153)	0	0	(153)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(2,331)</u>	<u>0</u>	<u>0</u>	<u>(2,331)</u>
<i>Change in Net Assets</i>	(9,680)	2,754	(75)	(10,938)	(17,939)
<i>Net Assets Beginning of Year</i>	<u>16,582</u>	<u>11,371</u>	<u>10,051</u>	<u>12,106</u>	<u>50,110</u>
<i>Net Assets End of Year</i>	<u><u>\$6,902</u></u>	<u><u>\$14,125</u></u>	<u><u>\$9,976</u></u>	<u><u>\$1,168</u></u>	<u><u>\$32,171</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - MODIFIED CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2004

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalentts	\$10
<i>Total Assets</i>	<u>10</u>
Liabilities	
Due to Others	10
<i>Total Net Assets</i>	<u>\$10</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004**

Note 1 – Reporting Entity

The Village of Sugar Grove, Fairfield County, Ohio (the Village), 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 Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer, and sanitation utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

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

The Village of Sugar Grove has no component units.

C. Joint Ventures

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 modified cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductions. Note 8 to the financial statements provides additional information for this entity.

The financial statements exclude the following entities which perform activities within the Village's boundaries for the benefit of its residents because the Village is not financially accountable for these entities nor are they fiscally dependent on the Village:

The Sugar Grove/Berne Township Development Committee was created in 1996 by village and township citizens with a mission statement "The goal of our development committee is to work together with existing governmental entities such as the village council and township trustees, to breathe new life into the downtown area of Sugar Grove".

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village'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 Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village 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 Village at this more detailed level. The focus of governmental and enterprise 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. Fiduciary funds are reported by type.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village 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 Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds in 2005 are the General Fund, the Street Construction Maintenance and Repair Fund, and the FEMA Fund. The major governmental funds in 2004 are the General Fund, the Street Construction Maintenance and Repair Fund, and the CDBG Storm Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Construction Maintenance and Repair Fund is used to account for monies received from gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets. The FEMA Fund is used to account for receipts and disbursements for emergency sewer plant repair. The CDBG Storm Fund is used to account for receipts and disbursements for the storm sewer project. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are:

Water Fund – This fund accounts for water services provided to Village residents and commercial users.

Sewer Fund – This fund accounts for sanitary sewer services provided to Village residents and commercial users.

Sanitation Fund – This fund accounts for garbage and trash services provided to Village residents and commercial users.

OWDA Loan Fund (2005 only) – This fund accounts for OWDA loan monies received and disbursed for the water line and fire hydrant replacement project.

Water Replacement & Improvement Fund (2004 only) – This fund accounts for maintenance and improvements of the water system.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund, the Mayors Court Fund, accounts for gross money received from Mayor's Court Fines. A portion of the money belongs to the state of Ohio and a portion to the Village. The gross receipts are receipted into the agency fund then disbursed.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Village'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.

As a result of the use of this modified 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 the agency fund, 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 Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. 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 Village Clerk/Treasurer. 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 Village Council.

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 Village Council during the year.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004 and 2005, the Village invested in U.S. Series I Bond. The Series I Bond is reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. During 2005, interest receipts credited to the General Fund were \$1,686, the Street Construction Maintenance and Repair Fund were \$308, and the Permissive MVL Fund were \$82. During 2004, interest receipts credited to the General Fund were \$1,525, the Street Construction Maintenance and Repair Fund were \$181, and the Permissive MVL Fund were \$67.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the Cemetery Fund of \$5,000 represent the non expendable portion of a permanent fund, which is invested in an I-Bond.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village 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 Village's modified cash basis of accounting.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's modified 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease 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 capital projects included resources for the fire hydrant project donated by Berne Township in the amount of \$15,596 in 2005 and \$361 in FEMA funds. Net assets restricted for the permanent fund include resources restricted in the amount of \$5,000 per the will of the donor in which the interest in the amount of \$57 will be used for the purpose of mowing and maintaining the Sugar Grove Cemetery. Net assets restricted for other purposes in 2005 include resources in the amount of \$2,242 from the Ohio Chief's of Police Association Grant for high speed internet connection over a three year period and fund balances of other restricted resources in the amount of \$50,390. Net assets restricted for other purposes in 2004 include the fund balances of restricted funds in the amount of \$33,837.

The Village'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 Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. In 2005, reserve for encumbrances totaled \$583 in the General fund, \$864 in the Street Construction Maintenance and Repair fund, \$78,631 in the FEMA fund, and \$56,133 in Fire Hydrant Replacement fund. In 2004, reserve for encumbrances totaled \$1,402 in the General fund and \$382 in the Street Construction Maintenance and Repair fund. In 2005 and 2004, reserve for permanent fund is \$5,000. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and the nonexpendable portion of the permanent fund.

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.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 3 – Change in Basis of Accounting

In 2002 and 2003, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2004 and 2005, the Village has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

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 Street Construction Maintenance and Repair Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). In 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$583 for the General Fund and \$864 for the Street Construction Maintenance and Repair Fund. In 2004, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,402 for the General Fund and \$382 for the Street Construction Maintenance and Repair Fund.

Note 5 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village 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 Council has 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 Village 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;

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 5 – Deposits and Investments (Continued)

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).

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 Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, \$59,826 of the Village's bank balance of \$259,826 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has a deposit policy for custodial risk beyond the requirements of State statute as follows: limiting investments to the safest types of securities where there is certainty of receiving full par value plus accrued interest, at the securities' legal final maturity; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which an entity will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village 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, 2004 and December 31, 2005, the Village had the following investments:

	Carrying Value	Maturity
U.S. Bond (Series I)	\$5,000	9/6/2030
Total Portfolio	\$5,000	

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 5 – Deposits and Investments (Continued)

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has an investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Income Taxes

The Village levies a 3/4 percent income tax whose proceeds are placed into the General Fund. The Village levies and contracts with Timothy Oatney, tax administrator, to collect the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of 3/8 percent of the taxable income for taxes were paid to another city. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes and received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2005 were levied after October 1, 2003, on the assessed values as of January 1, 2004, the lien date. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003. 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 2005 represent the collection of 2004 taxes and received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 31, 2004, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2002, were levied after October 1, 2003, 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.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 7 – Property Taxes (Continued)

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property taxes received in 2004 were levied after October 31, 2003, on the true value as of December 31, 2003. 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 Village operations for the year ended December 31, 2005, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	2005
Residential	\$4,395,040
Commercial	963,780
Industrial	700
Public Utility Personal Property	
Real	2,510
Personal	323,040
Tangible Personal Property	86,048
Tangible Personal Property Exempt	11,120
Total Assessed Value	\$5,782,238

Note 8 – Risk Management

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP 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. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP’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.

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 8 – Risk Management (Continued)

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured 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 \$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 PEP's 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 PEP. They must provide written notice to PEP 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 the withdrawal.

Financial Position

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

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	\$13,725,507	\$13,557,131

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained earnings	\$3,375,087	\$3,108,199

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 8 – Risk Management (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Village's share of these unpaid claims is approximately \$16,653.

Note 9 – Defined Benefit Pension Plans

The Village 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) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$11,189, \$10,891, and \$10,574 respectively. The full amount has been contributed for 2004 but \$1,287 owed for 2005. Contributions to the member-directed plan for 2005 and 2004 were \$0 made by the Village and \$0 made by the plan members.

Note 10 - Postemployment Benefits

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

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 10 - Postemployment Benefits (Continued)

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 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 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, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 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 at a projected wage inflation rate plus an additional factor ranging from 1 and 6 percent annually for the next eight years and 4 percent annually after eight 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 376,109. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 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. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the healthcare fund.

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2005 and December 31, 2004, was as follows:

2005	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Business-type Activities</u>						
2005 OWDA Loan- Water Line and Fire Hydrant Replacement Design	5%	\$0	\$62,041	\$0	\$62,041	\$0
Total		\$0	\$62,041	\$0	\$62,041	\$0

**VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)**

Note 11 – Debt (Continued)

2004	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Business-type Activities</u>						
1985 OWDA Loan-Sewer Improvement	10.16%	\$2,178	\$0	\$2,178	\$0	\$0
Total		<u>\$2,178</u>	<u>\$0</u>	<u>\$2,178</u>	<u>\$0</u>	<u>\$0</u>

The 2005 Ohio Water Development Authority (OWDA) loan relates to a water line and fire hydrant replacement design. The 1985 Ohio Water Development Authority (OWDA) loan related to a sewer system expansion project. The 2005 loan will be repaid in one payment due July 1, 2010. The amount to be paid as of December 31, 2005, is \$63,117, including interest in the amount of \$1,076. The loan is secured by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The 1985 loan was paid in full in 2004.

The following is a summary of the Village's future annual debt service requirements:

Year	OWDA Loans	
	Principal	Interest
2006	\$0	\$0
2007	0	0
2008	0	0
2009	0	0
2010	62,041	1,076
Totals	<u>\$62,041</u>	<u>\$1,076</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2003, were an overall debt margin of \$607,135 and an unvoted debt margin of \$318,023.

Note 12 – Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductions. Note 8 to the financial statements provides additional information for this entity.



Auditor of State Betty Montgomery

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

Village of Sugar Grove
Fairfield County
101 Bridge Street, PO Box 7
Sugar Grove, Ohio 43155-0007

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sugar Grove (the Village) for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 1, 2006, wherein we noted the Village 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*. We also noted the Village 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 Village 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 Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses.

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However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Village's management dated August 1, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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*. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-003. In a separate letter to the Village's management dated August 1, 2006, we reported matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 1, 2006

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004

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

FINDING NUMBER 2005-001

Payroll Records

The Village should have written policies and procedures regarding documentation of hours worked by employees and standard working hours, including policies governing lunch breaks. Such policies should be applied to all Village employees.

The Village policy manual does not address:

Source Documentation - The Village has no standard documentation of hours worked. All employees complete a time sheet which includes the number of hours worked each day and a description of the work performed. The time sheet is reviewed by the Mayor for all employees, except the Zoning Inspector, whose time sheet is reviewed by a Council Member. Some employees also must clock in and out using a time clock. The time recorded on the time card by the time clock, however, is not used to calculate gross wages even when hours on the time card are less than that written on the time sheet.

Normal working hours and lunch breaks – The Village has no policies describing normal working hours or lunch breaks. The majority of employees do not have any standard working hours, which makes it difficult to approve or authorize hours worked. The majority of employees also do not clock in or out for lunch and do not indicate the lunch break that was taken. Some employees claimed to work more than eight hours with no lunch break.

The lack of standard documentation policies and procedures and policies governing working hours and lunch breaks limits the Village's ability to verify hours worked and, therefore, could result in improper salary payments. The lack of clear policies also increases the risk of fraud.

We recommend the Village establish clear policies and procedures governing documentation of hours worked, including standard working hours and lunch breaks.

Officials Response: The Village Council amended the policy manual regarding hours worked and lunch hours on August 14, 2006, and plans to further amend to address time card and time sheet requirements and use.

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)

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

(Continued)

FINDING NUMBER 2005-002

Documentation of Gas Purchases

The Village purchases gasoline from Berne Union Local School District. The Village should maintain evidence of which departments purchased gasoline so that Village management can ensure gas purchases relate to Village vehicles and equipment. Village employees should log each purchase and the logs should be submitted to the Clerk/Treasurer for review at the end of each month for comparison with the bill from Berne Union Local School District.

The gasoline logs for the maintenance and police departments were not complete for 2004 or 2005. The gasoline logs for the maintenance department for January through May 2005 could not be located. The following is a summary of the gasoline purchased with no documentation that such purchases related to Village business:

<u>Year</u>	<u>Department</u>	<u>Number of gallons purchased with no documentation</u>	<u>Cost of gallons purchased with no documentation</u>
2005	Police	17.3	\$33.71
2005	Maintenance	409.2	844.75
2004	Police	68.6	115.86
2004	Maintenance	108.2	191.96

The lack of strict policies governing required documentation for gas purchases could lead to unsupported purchases and increases the risk of fraud.

We recommend the Village establish clear policies requiring that all gas purchases be recorded when the transaction occurs and that the Village Clerk/Treasurer not process any payments for which she does not have a written log.

Officials Response: The Village Council adopted a gasoline policy on August 14, 2006.

VILLAGE OF SUGAR GROVE
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004
(Continued)

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

(Continued)

FINDING NUMBER 2005-003

Deposits and Collection of Building Permit Payments

Ohio Rev. Code Section 9.38 requires public money to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

This section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Village has not established a policy for the deposit of daily receipts that do not exceed \$1,000 and all receipts, therefore, should be deposited with the Clerk or bank on the next business day.

In 2004 and 2005, the Mayor and her husband, the Zoning Inspector, collected building permit money at their home. In 2005, six of eight permits collected were not deposited with the Clerk within 24 hours and were held by the Mayor or Zoning Inspector for up to 40 days. The money held by the Mayor for 40 days was for a \$65 permit that was paid with cash. This money was spent by the Mayor and subsequently replaced with a personal check. In 2004, four of seven permits collected were not deposited with the Clerk within 24 hours and were held for up to 18 days.

Collection of funds at the home of the Mayor and Zoning Inspector and the lack of timely deposit of public funds with Clerk or depository increases the risk of fraud and misappropriation of assets.

We recommend the Council establish policies and procedures for the collection and deposit of public funds. Such policies should include appropriate collection locations, timely depositing, and procedures/safeguarding of daily receipts that do not exceed \$1,000

Officials Response: The Mayor was unaware of this requirement and since becoming informed has expedited deposits.



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Betty Montgomery**

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VILLAGE OF SUGAR GROVE

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 28, 2006**