



OHIO AUDITOR OF STATE
KEITH FABER



**SUGARCREEK TOWNSHIP
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the year ended December 31, 2020	3
Notes to the Financial Statements For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	15
Notes to the Financial Statements For the Year Ended December 31, 2019	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Summary Schedule of Prior Audit Findings (Prepared by Management).....	27

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Sugarcreek Township
Greene County
2090 Ferry Road
Sugarcreek, Ohio 45305

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Sugarcreek Township, Greene County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

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and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2021

Sugarcreek Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$327,850	\$5,592,233			\$5,920,083
Charges for Services		207,441			207,441
Licenses, Permits and Fees	123,048	4,430			127,478
Fines and Forfeitures	16,810	3,303			20,113
Intergovernmental	406,994	1,541,876	62,755		2,011,625
Earnings on Investments	5,312	504			5,816
Miscellaneous	16,130	149,473			165,603
<i>Total Cash Receipts</i>	<u>896,144</u>	<u>7,499,260</u>	<u>62,755</u>	<u>0</u>	<u>8,458,159</u>
Cash Disbursements					
Current:					
General Government	653,189	156,135			809,324
Public Safety		5,060,828			5,060,828
Public Works		939,332	280	9	939,621
Capital Outlay		347,839		41,693	389,532
Debt Service:					
Principal Retirement			127,043	49,330	176,373
Interest and Fiscal Charges			12,502	2,530	15,032
<i>Total Cash Disbursements</i>	<u>653,189</u>	<u>6,504,134</u>	<u>139,825</u>	<u>93,562</u>	<u>7,390,710</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>242,955</u>	<u>995,126</u>	<u>(77,070)</u>	<u>(93,562)</u>	<u>1,067,449</u>
Other Financing Receipts (Disbursements)					
Loans Issued				41,693	41,693
Sale of Capital Assets		12,394			12,394
Transfers In			127,264		127,264
Transfers Out		(127,264)			(127,264)
Other Financing Uses		(28,140)			(28,140)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(143,010)</u>	<u>127,264</u>	<u>41,693</u>	<u>25,947</u>
<i>Net Change in Fund Cash Balances</i>	242,955	852,116	50,194	(51,869)	1,093,396
<i>Fund Cash Balances, January 1</i>	<u>653,233</u>	<u>3,740,727</u>	<u>149,434</u>	<u>51,869</u>	<u>4,595,263</u>
<i>Fund Cash Balances, December 31</i>	<u>\$896,188</u>	<u>\$4,592,843</u>	<u>\$199,628</u>	<u>\$0</u>	<u>\$5,688,659</u>

See accompanying notes to the basic financial statements

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Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sugarcreek Township, Greene County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Police District Fund The police district fund receives property tax money for providing law enforcement services within the Township.

Fire District Fund The fire district fund receives property tax money to provide fire and rescue services to the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

General Bond Retirement Fund The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance long term debt for the Township's public safety building.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Brown Road – OPWC Fund This fund accounts for the Brown Road project from the Ohio Public Works Commission (OPWC) to contractors on-behalf of the Township and the future tax increment financing revenues and debt payments for the project.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$586,916	\$896,144	\$309,228
Special Revenue	6,516,476	7,511,654	995,178
Debt Service	477,449	190,019	(287,430)
Capital Projects	41,693	41,693	0
Total	\$7,622,534	\$8,639,510	\$1,016,976

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$733,000	\$660,001	\$72,999
Special Revenue	7,960,115	6,720,912	1,239,203
Debt Service	285,264	139,825	145,439
Capital Projects	101,869	93,562	8,307
Total	\$9,080,248	\$7,614,300	\$1,465,948

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$5,688,659

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members and the Township contributed the following:

<i>Retirement Rates</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>13.00%</i>	<i>18.10%</i>

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019 . The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Postemployment Benefits (continued)

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$615,000	1-2%
OPWC Clio Road Phase II	590,765	0.00%
OPWC Brown Road Improvement	500,000	0.00%
Center Point Drive Lease	140,000	2.41%
Truck/Plow Lease Purchase	15,269	3.35%
Fire Engine Lease Purchase	306,502	2.99%
Total	\$2,167,536	

In September 2016, the Township refinanced and retired \$1,030,000 in 2005 General Purpose Refunding and Improvement Bonds by issuing \$1,070,000 in 2016 Building Improvement Limited Tax General Obligation Refunding Bonds. The 2016 Refunding Bonds resulted in savings of \$153,641 and will mature in 2025.

In 2016, the Township borrowed \$722,600 from Ohio Public Works Commission for improvements to Clio Road. The loan will mature in January 2046 and bears no interest rate.

On October 24, 2017, the Township signed a lease agreement with PS&W Holding company for acquisition of an extension of Center Point Drive. The project includes the construction of three lanes of pavement with curb and gutter, extension of water main with hydrants, walking trail and sidewalks. The lease carries an interest rate of 2.41% and matures on December 1, 2022.

On December 15, 2016, the Township signed a master lease purchase agreement with Republic First National Corporation for purchase of 2016 Ford Trucks and Snow Plow. The lease bears an interest rate of 3.35% and matures on November 15, 2021

On December 15, 2016, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation for purchase of one new Sutphen customer pumper with equipment. The lease bears an interest rate of 2.99% and matures on December 15, 2026.

During 2018, the Township entered into an agreement to borrow \$500,000 from Ohio Public Works Commission for improvements to Brown Road. The loan will mature in January 2050 and bears no interest rate. Total drawdown for 2020 amounted to \$41,693 and full loan amount has been drawn.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC Loan	Leases
2021	\$120,780	\$40,754	\$142,205
2022	129,207	40,754	126,552
2023	132,275	40,754	56,551
2024	130,075	40,754	56,552
2025	137,700	40,754	56,552
2026 - 2030		203,766	56,552
2031 - 2035		203,766	
2036 - 2040		203,766	
2041 - 2045		203,766	
2046 - 2050		71,931	
Total	\$650,037	\$1,090,765	\$494,964

Note 10 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

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

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$25,800 was sub-granted to other governments and organization. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund in the Special Revenue fund types on the accompanying financial statements.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	6,812	61,374	0	0	68,186

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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Sugarcreek Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$307,667	\$5,265,995			\$5,573,662
Charges for Services		222,492			222,492
Licenses, Permits and Fees	147,054	4,280			151,334
Fines and Forfeitures	15,407	2,043			17,450
Intergovernmental	210,779	916,734	63,246	464,637	1,655,396
Earnings on Investments	10,600	747			11,347
Miscellaneous	20,419	87,000			107,419
<i>Total Cash Receipts</i>	<u>711,926</u>	<u>6,499,291</u>	<u>63,246</u>	<u>464,637</u>	<u>7,739,100</u>
Cash Disbursements					
Current:					
General Government	677,111	44,982			722,093
Public Safety		4,824,144			4,824,144
Public Works		942,669	12,197	93,007	1,047,873
Conservation-Recreation				4,453	4,453
Capital Outlay		487,458		922,944	1,410,402
Debt Service:					
Principal Retirement			115,000	12,044	127,044
Interest and Fiscal Charges			14,114		14,114
<i>Total Cash Disbursements</i>	<u>677,111</u>	<u>6,299,253</u>	<u>141,311</u>	<u>1,032,448</u>	<u>8,150,123</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,815</u>	<u>200,038</u>	<u>(78,065)</u>	<u>(567,811)</u>	<u>(411,023)</u>
Other Financing Receipts (Disbursements)					
Loans Issued				458,307	458,307
Sale of Capital Assets	349,952	3,923			353,875
Transfers In			128,586		128,586
Transfers Out		(128,586)			(128,586)
Other Financing Sources				51,869	51,869
Other Financing Uses		(122,941)			(122,941)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>349,952</u>	<u>(247,604)</u>	<u>128,586</u>	<u>510,176</u>	<u>741,110</u>
<i>Net Change in Fund Cash Balances</i>	384,767	(47,566)	50,521	(57,635)	330,087
<i>Fund Cash Balances, January 1</i>	<u>268,466</u>	<u>3,788,293</u>	<u>98,913</u>	<u>109,504</u>	<u>4,265,176</u>
Fund Cash Balances, December 31					
Restricted		3,149,814	149,434	51,869	3,351,117
Committed		590,913			590,913
Unassigned (Deficit)	653,233				653,233
<i>Fund Cash Balances, December 31</i>	<u>\$653,233</u>	<u>\$3,740,727</u>	<u>\$149,434</u>	<u>\$51,869</u>	<u>\$4,595,263</u>

See accompanying notes to the basic financial statements

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Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sugarcreek Township, Greene County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Police District Fund The police district fund receives property tax money for providing law enforcement services within the Township.

Fire District Fund The fire district fund receives property tax money to provide fire and rescue services to the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

General Bond Retirement Fund The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance long term debt for the Township's public safety building.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Brown Road – OPWC Fund This fund accounts for the Brown Road project from the Ohio Public Works Commission (OPWC) to contractors on-behalf of the Township and the future tax increment financing revenues and debt payments for the project.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$616,326	\$1,061,878	\$445,552
Special Revenue	6,216,000	6,503,214	287,214
Debt Service	193,379	191,832	(1,547)
Capital Projects	1,325,020	974,813	(350,207)
Total	\$8,350,725	\$8,731,737	\$381,012

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,300	\$680,262	\$27,038
Special Revenue	7,290,919	6,586,616	704,303
Debt Service	288,499	141,311	147,188
Capital Projects	1,433,523	1,032,448	401,075
Total	\$9,720,241	\$8,440,637	\$1,279,604

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$4,595,263
<i>Deposits</i>	

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 5 – Property Taxes (continued)

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Risk Pool Membership

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 7 – Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members and the Township contributed the following:

<i>Retirement Rates</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>13.00%</i>	<i>18.10%</i>

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2019.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019 . The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$730,000	1-2%
OPWC Clys Road Phase II	602,808	0.00%
OPWC Brown Road Improvement	458,307	0.00%
Center Point Drive Lease	210,000	2.41%
Truck/Plow Lease Purchase	30,038	3.35%
Chevy Tahoes Lease Purchase	26,523	3.19%
Fire Engine Lease Purchase	352,530	2.99%
Total	\$2,410,206	

In September 2016, the Township refinanced and retired \$1,030,000 in 2005 General Purpose Refunding and Improvement Bonds by issuing \$1,070,000 in 2016 Building Improvement Limited Tax General Obligation Refunding Bonds. The 2016 Refunding Bonds resulted in savings of \$153,641 and will mature in 2025.

In 2016, the Township borrowed \$722,600 from Ohio Public Works Commission for improvements to Clys Road. The loan will mature in January 2046 and bears no interest rate.

On October 24, 2017, the Township signed a lease agreement with PS&W Holding company for acquisition of an extension of Center Point Drive. The project includes the construction of three lanes of pavement with curb and gutter, extension of water main with hydrants, walking trail and sidewalks. The lease carries an interest rate of 2.41% and matures on December 1, 2022

On December 15, 2016, the Township signed a master lease purchase agreement with Republic First National Corporation for purchase of 2016 Ford Trucks and Snow Plow. The lease bears an interest rate of 3.35% and matures on November 15, 2021

On December 22, 2016, the Township entered into master equipment lease with Republic First National Corporation for purchase of two Chevrolet 4X4 Tahoes. The lease bears an interest rate of 3.19% and matures on August 15, 2020.

On December 15, 2016, the Township entered into a master equipment lease purchase agreement with Republic First National Corporation for purchase of one new Sutphen customer pumper with equipment. The lease bears an interest rate of 2.99% and matures on December 15, 2026.

During 2018, the Township entered into an agreement to borrow \$500,000 from Ohio Public Works Commission (OPWC) for improvements to Brown Road. The loan will mature in January 2050 and bears no interest rate. The balance disclosed is not the Township’s final balance and reflects only payments made to contractors for the project during 2019. The scheduled payment amount below assumes that \$500,000 will be borrowed. The OPWC will adjust scheduled payments to reflect any revisions in amounts the Township actually borrows.

Sugarcreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(continued)

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC Loan	Leases
2020	\$127,264	\$24,087	\$169,576
2021	120,780	40,754	142,205
2022	129,207	40,754	126,552
2023	132,275	40,754	56,551
2024	130,075	40,754	56,552
2025-2029	137,700	203,766	113,104
2030-2034		203,766	0
2035-2039		203,766	0
2040-2044		203,766	0
2045-2049		83,974	0
2050-2054		16,667	0
Total	\$777,301	\$1,102,808	\$664,540

Note 10 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

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

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March, 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Sugarcreek Township
Greene County
2090 Ferry Road
Sugarcreek, Ohio 45305

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Sugarcreek Township, Greene County, (the Township) and have issued our report thereon dated July 14, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining 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*.

Efficient • Effective • Transparent

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2021

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness - Financial statement misstatements	Partially corrected	The Township has worked to gain a better understanding of the requirements and processes to assure accuracy in financial reporting and to eliminate these errors going forward. The Township will seek guidance and direction from the State Auditor's Office and document such guidance and direction prior to posting in the future.
2018-002	Noncompliance and Material Weakness – Ohio Rev. Code 5705.10(D), posting of Worker's Compensation Refund	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



SUGARCREEK TOWNSHIP

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/5/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov