

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2018 – DECEMBER 31, 2019**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of Sugar Bush Knolls  
P.O. Box 2127  
Streetsboro, Ohio 44241

We have reviewed the *Independent Auditors' Report* of the Village of Sugar Bush Knolls, Portage County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 18, 2020

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**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Sugar Bush Knolls  
Portage County  
P.O. Box 2127  
Streetsboro, Ohio 44241

To the Village Council:

***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Village of Sugar Bush Knolls, Portage County as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprised the Village's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 the 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 Village'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 Village's internal control. Accordingly, we express no 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, and each major fund of the Village of Sugar Bush Knolls, Portage County, as of December 31, 2019 and 2018, and the respective changes in cash financial positions and the respective budgetary comparisons for the General Fund and Street Construction Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 10 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. 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 a report dated August 13, 2020, on our consideration of Village of Sugar Bush Knoll'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 Village's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
August 13, 2020



**Village of Sugar Bush Knolls**  
*Portage County*

*Statement of Net Position - Cash Basis*  
*December 31, 2019*

	Governmental Activities	Total
<b>ASSETS:</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 192,257	\$ 192,257
<b>Total Assets</b>	<b>\$ 192,257</b>	<b>\$ 192,257</b>
<b>NET POSITION:</b>		
Restricted for:		
Permanent Fund Purpose:	22,516	22,516
Other Purposes	169,741	169,741
Unrestricted	169,741	169,741
<b>Total Net Assets</b>	<b>\$ 192,257</b>	<b>\$ 192,257</b>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2019*

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Current:						
Security of Persons and Property	\$ 30,573	\$ -	\$ -	\$ -	\$ (30,573)	\$ (30,573)
Public Health Services	414	-	-	-	(414)	(414)
Community Environment	10,466	5,025	-	-	(5,441)	(5,441)
Basic Utility Services	26,176	-	-	-	(26,176)	(26,176)
Transportation	11,144	-	11,804	-	660	660
General Government	30,960	4,127	-	-	(26,833)	(26,833)
<i>Total Governmental Activities</i>	109,733	9,152	11,804	-	(88,777)	(88,777)
<i>Total Primary Government</i>	<u>\$ 109,733</u>	<u>\$ 9,152</u>	<u>\$ 11,804</u>	<u>\$ -</u>	(88,777)	(88,777)
<b>General Receipts:</b>						
Property Taxes					88,688	88,688
Other Taxes					939	939
Grants and Entitlements not Restricted to Specific Programs					29,218	29,218
Earnings on Investments					2,989	2,989
Total General Receipts					<u>121,834</u>	<u>121,834</u>
Change in Net Position					33,057	33,057
<i>Net Position Beginning of Year</i>					<u>159,200</u>	<u>159,200</u>
<i>Net Position End of Year</i>					<u>\$ 192,257</u>	<u>\$ 192,257</u>

See notes to the basic financial statements.

**Village of Sugar Bush Knolls**  
*Portage County*

*Statement of Assets and Fund Balances - Cash Basis*  
**Governmental Funds**  
*December 31, 2019*

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	<b>General</b>	<b>Street Const. Maint. Rep.</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 169,741	\$ 22,516	\$ 192,257
<i>Total Assets</i>	\$ 169,741	\$ 22,516	\$ 192,257
 <b>Fund Cash Balances:</b>			
Restricted	\$ -	\$ 22,516	\$ 22,516
Unassigned	169,741	-	169,741
<i>Total Fund Cash Balances</i>	\$ 169,741	\$ 22,516	\$ 192,257

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis*  
*Governmental Funds*  
*For The Year Ended December 31, 2019*

	<u>General</u>	<u>Street Const. Maint. Rep.</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>			
Property Taxes	\$ 88,688	\$ -	\$ 88,688
Other Local Taxes	345	594	939
Intergovernmental	34,218	11,804	46,022
Fines, Licenses and Permits	4,152	-	4,152
Earnings on Investments	2,732	257	2,989
<i>Total Receipts</i>	<u>130,135</u>	<u>12,655</u>	<u>142,790</u>
<b>Disbursements:</b>			
Current:			
Security of Persons and Property	30,573	-	30,573
Public Health Services	414	-	414
Community Environment	10,466	-	10,466
Basic Utility Service	26,176	-	26,176
Transportation	8,840	2,304	11,144
General Government	30,960	-	30,960
<i>Total Disbursements</i>	<u>107,429</u>	<u>2,304</u>	<u>109,733</u>
<i>Net Change in Fund Balance</i>	22,706	10,351	33,057
<i>Cash Fund Balances Beginning of Year</i>	<u>147,035</u>	<u>12,165</u>	<u>159,200</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 169,741</u>	<u>\$ 22,516</u>	<u>\$ 192,257</u>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual  
General Fund  
For The Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$ 83,316	\$ 83,316	\$ 88,688	\$ 5,372
Other Local Taxes	-	-	345	345
Intergovernmental	36,000	36,000	34,218	(1,782)
Fines, Licenses and Permits	3,050	3,050	4,152	1,102
Earnings on Investments	600	600	2,732	2,132
<i>Total Receipts</i>	<u>122,966</u>	<u>122,966</u>	<u>130,135</u>	<u>7,169</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	33,300	33,300	30,573	2,727
Public Health Services	1,500	1,500	414	1,086
Community Environment	36,000	36,000	10,466	25,534
Basic Utility Service	31,600	31,600	26,176	5,424
Transportation	20,000	20,000	8,840	11,160
General Government	38,300	38,300	30,960	7,340
<i>Total Disbursements</i>	<u>160,700</u>	<u>160,700</u>	<u>107,429</u>	<u>53,271</u>
<i>Net Change in Fund Balance</i>	(37,734)	(37,734)	22,706	60,440
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>147,035</u>	<u>147,035</u>	<u>147,035</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ 109,301</u>	<u>\$ 109,301</u>	<u>\$ 169,741</u>	<u>\$ 60,440</u>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual  
Street Construction Maint. & Repair Fund  
For The Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Other Local Taxes	\$ 600	\$ 600	\$ 594	\$ (6)
Intergovernmental	7,600	7,000	11,804	4,804
Earnings on Investments	1,500	1,500	257	(1,243)
<i>Total Receipts</i>	<u>9,700</u>	<u>9,100</u>	<u>12,655</u>	<u>3,555</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>10,000</u>	<u>10,000</u>	<u>2,304</u>	<u>7,696</u>
<i>Total Disbursements</i>	<u>10,000</u>	<u>10,000</u>	<u>2,304</u>	<u>7,696</u>
<i>Net Change in Fund Balance</i>	(300)	(900)	10,351	11,251
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>12,165</u>	<u>12,165</u>	<u>12,165</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ 11,865</u>	<u>\$ 11,265</u>	<u>\$ 22,516</u>	<u>\$ 11,251</u>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Sugar Bush Knolls, Portage County, (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, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government to ensure the financial statements of the Village are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Sugar Bush Knolls provides the following services to its citizens: general governmental services and street maintenance and repairs.

**Public Entity Risk Pools**

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

**Basis of Presentation**

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 between those activities of the Village that are governmental in nature and those that are considered business-type activities.

Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements and program receipts for each program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

*Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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.

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

**Fund Accounting**

The Village 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 Village are presented in two categories: governmental and proprietary.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

*General Fund* – The General Fund accounts for all financial resources, except those required to be accounted for and reported 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.

*Street Construction, Maintenance and Repair Fund* – The Street Construction, maintenance and Repair Fund accounts for and reports for that portion of State gasoline tax restricted for maintenance and repairs of roads.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned for a particular purpose. As of December 31, 2019 there were no other funds.

**Basis of Accounting**

The Village's financial statements are prepared using the 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. Any such modifications made by the Village are described in the appropriate section in this note.



**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Budgetary Process**

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

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

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

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by 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.

**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 2019, the Village invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair values.

**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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For 2019, there were no limitations or restrictions on any particular withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts will be combined for these purposes.

Interest earnings are allocated to Village Funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$2,732.

### **Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street construction, maintenance, and repair; cemetery, and permissive motor vehicle licenses.

The Village applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Non-spendable* The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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*Assigned* Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. State Statute authorizes the Village Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The Village 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.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street Construction Maintenance, and Repair Fund; are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$0
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**Note 4 – Deposits**

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

Active deposits 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:

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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 obligations or securities 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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer’s investment pool (STAR Ohio);
7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**Deposits**

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Deposits were fully covered by FDIC.

**Investments**

The fair value of these investments is not materially different from measurement values. As of December 31, 2019, the Village had the following investment:

	Measurement Value	Maturity
STAR Ohio	\$ 130,508	N/A
Total Portfolio	\$ 130,508	

**Note 5 –Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019, was \$12.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$	8,900,360
Public Utility		59,580
Total	\$	8,959,940

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 6 – Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (latest information available).

	2018
Assets	\$ 15,065,412
Liabilities	(10,734,623)
Retained Earnings	\$ 4,330,789

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

**Plan Description - Ohio Public Employees Retirement System**

Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial.reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula</b>	<b>Combined Plan Formula</b>	<b>Combined Plan Formula</b>
1% of FQAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FQAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FQAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contributions benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

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The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State		Public		Law	
	and Local		Safety		Enforcement	
<b>2019 Statutory Maximum Contribution Rates</b>						
Employer	14.0	%	18.1	%	18.1	%
Employee ***	10.0	%	*		**	
<b>2019 Actual Contribution Rates</b>						
Employer:						
Pension	14.0	%	18.1	%	18.1	%
Post-employment Health Care Benefits ****	0.0		0.0		0.0	
<b>Total Employer</b>	<b>14.0</b>	<b>%</b>	<b>18.1</b>	<b>%</b>	<b>18.1</b>	<b>%</b>
<b>Employee</b>	<b>10.0</b>	<b>%</b>	<b>12.0</b>	<b>%</b>	<b>13.0</b>	<b>%</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.						
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.						

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$4,410 for year 2019.

**Note 8 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined Plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or



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refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the financial report. Interest parties may obtain a copy by visiting <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2019.

**Village of Sugar Bush Knolls**  
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**Note 9 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Street Construction Maint. Rep.	Total
<b>Restricted</b>			
Road Maintenance	-	22,516	22,516
Total Restricted	-	22,516	22,516
<b>Unassigned</b>	169,741	-	169,741
Total Fund Balance	\$ 169,741	\$ 22,516	\$ 192,257

**Note 10 – Subsequent Events**

The United State 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 Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Sugar Bush Knolls**  
*Portage County*

*Statement of Net Position - Cash Basis*  
*December 31, 2018*

	Governmental Activities	Total
<b>ASSETS:</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 159,200	\$ 159,200
<b>Total Assets</b>	<b>\$ 159,200</b>	<b>\$ 159,200</b>
<b>NET POSITION:</b>		
Restricted for:		
Permanent Fund Purpose:	12,165	12,165
Other Purposes	147,035	147,035
Unrestricted	147,035	147,035
<b>Total Net Assets</b>	<b>\$ 159,200</b>	<b>\$ 159,200</b>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2018*

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Current:						
Security of Persons and Property	\$ 28,788	\$ -	\$ -	\$ -	\$ (28,788)	\$ (28,788)
Public Health Services	11,606	-	-	-	(11,606)	(11,606)
Community Environment	49,170	775	-	-	(48,395)	(48,395)
Basic Utility Services	26,306	-	-	-	(26,306)	(26,306)
Transportation	146,475	-	10,156	-	(136,319)	(136,319)
General Government	34,870	7,637	-	-	(27,233)	(27,233)
<i>Total Governmental Activities</i>	297,215	8,412	10,156	-	(278,647)	(278,647)
<i>Total Primary Government</i>	<u>\$ 297,215</u>	<u>\$ 8,412</u>	<u>\$ 10,156</u>	<u>\$ -</u>	(278,647)	(278,647)
<b>General Receipts:</b>						
Property Taxes					83,594	83,594
Other Taxes					726	726
Grants and Entitlements not Restricted to Specific Programs					41,635	41,635
Earnings on Investments					2,462	2,462
Total General Receipts					<u>128,417</u>	<u>128,417</u>
Change in Net Position					(150,230)	(150,230)
<i>Net Position Beginning of Year</i>					<u>309,430</u>	<u>309,430</u>
<i>Net Position End of Year</i>					<u>\$ 159,200</u>	<u>\$ 159,200</u>

See notes to the basic financial statements.

**Village of Sugar Bush Knolls**  
*Portage County*

*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2018*

	<b>General</b>	<b>Street Const. Maint. Rep.</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 147,035	\$ 12,165	\$ 159,200
<i>Total Assets</i>	\$ 147,035	\$ 12,165	\$ 159,200
<b>Fund Cash Balances:</b>			
Restricted	\$ -	\$ 12,165	\$ 12,165
Unassigned	147,035	-	147,035
<i>Total Fund Cash Balances</i>	\$ 147,035	\$ 12,165	\$ 159,200

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis*  
*Governmental Funds*  
*For The Year Ended December 31, 2018*

	<u>General</u>	<u>Street Const. Maint. Rep.</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>			
Property Taxes	\$ 83,594	\$ -	\$ 83,594
Other Local Taxes	-	726	726
Intergovernmental	41,635	10,156	51,791
Fines, Licenses and Permits	8,412	606	9,018
Earnings on Investments	1,856	-	1,856
<i>Total Receipts</i>	<u>135,497</u>	<u>11,488</u>	<u>146,985</u>
<b>Disbursements:</b>			
Current:			
Security of Persons and Property	28,788	-	28,788
Public Health Services	11,606	-	11,606
Community Environment	49,170	-	49,170
Basic Utility Service	26,306	-	26,306
Transportation	17,335	129,140	146,475
General Government	34,870	-	34,870
<i>Total Disbursements</i>	<u>168,075</u>	<u>129,140</u>	<u>297,215</u>
<i>Net Change in Fund Balance</i>	(32,578)	(117,652)	(150,230)
<i>Cash Fund Balances Beginning of Year</i>	<u>179,613</u>	<u>129,817</u>	<u>309,430</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 147,035</u>	<u>\$ 12,165</u>	<u>\$ 159,200</u>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual  
General Fund  
For The Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 83,316	\$ 83,316	\$ 83,594	\$ 278
Intergovernmental	36,000	36,000	41,635	5,635
Fines, Licenses and Permits	3,050	3,050	8,412	5,362
Earnings on Investments	600	600	1,856	1,256
<i>Total Receipts</i>	<u>122,966</u>	<u>122,966</u>	<u>135,497</u>	<u>12,531</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	33,800	33,800	28,788	5,012
Public Health Services	11,606	11,606	11,606	-
Community Environment	69,300	69,300	49,170	20,130
Basic Utility Service	30,400	30,400	26,306	4,094
Transportation	25,000	25,000	17,335	7,665
General Government	44,600	44,600	34,870	9,730
<i>Total Disbursements</i>	<u>214,706</u>	<u>214,706</u>	<u>168,075</u>	<u>46,631</u>
<i>Net Change in Fund Balance</i>	(91,740)	(91,740)	(32,578)	(34,100)
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>167,427</u>	<u>167,427</u>	<u>167,427</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>12,186</u>	<u>12,186</u>	<u>12,186</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ 87,873</u>	<u>\$ 87,873</u>	<u>\$ 147,035</u>	<u>\$ (34,100)</u>

See notes to basic financial statements.

**Village of Sugar Bush Knolls**  
Portage County

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual  
Street Construction Maint. & Repair Fund  
For The Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Other Local Taxes	\$ 600	\$ 600	\$ 726	\$ 126
Intergovernmental	10,000	10,000	10,156	156
Earnings on Investments	350	350	606	256
<i>Total Receipts</i>	<u>10,950</u>	<u>10,950</u>	<u>11,488</u>	<u>538</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>63,000</u>	<u>138,000</u>	<u>129,140</u>	<u>8,860</u>
<i>Total Disbursements</i>	<u>63,000</u>	<u>138,000</u>	<u>129,140</u>	<u>8,860</u>
<i>Net Change in Fund Balance</i>	(52,050)	(127,050)	(117,652)	(8,322)
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>129,817</u>	<u>129,817</u>	<u>129,817</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ 77,767</u>	<u>\$ 2,767</u>	<u>\$ 12,165</u>	<u>\$ (8,322)</u>

See notes to basic financial statements.



**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Sugar Bush Knolls, Portage County, (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, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government to ensure the financial statements of the Village are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Sugar Bush Knolls provides the following services to its citizens: general governmental services and street maintenance and repairs.

**Public Entity Risk Pools**

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

**Basis of Presentation**

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 between those activities of the Village that are governmental in nature and those that are considered business-type activities.

Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements and program receipts for each program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

*Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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.

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

**Fund Accounting**

The Village 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 Village are presented in two categories: governmental and proprietary.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

*General Fund* – The General Fund accounts for all financial resources, except those required to be accounted for and reported 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.

*Street Construction, Maintenance and Repair Fund* – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of State gasoline tax restricted for maintenance and repairs of roads.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned for a particular purpose. As of December 31, 2018 there were no other funds.

**Basis of Accounting**

The Village's financial statements are prepared using the 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

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disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

**Budgetary Process**

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

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

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

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by 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.

**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 2018, the Village invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided

**Village of Sugar Bush Knolls**  
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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair values.

For 2018, there were no limitations or restrictions on any particular withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts will be combined for these purposes.

Interest earnings are allocated to Village Funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 was \$1,856.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street construction, maintenance, and repair; cemetery, and permissive motor vehicle licenses.

The Village applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Non-spendable* The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual

**Village of Sugar Bush Knolls**  
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*For the Year Ended December 31, 2018*

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obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. State Statute authorizes the Village Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The Village 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.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street Construction Maintenance, and Repair Fund; are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$0
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**Note 4 – Deposits**

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

Active deposits 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.

**Village of Sugar Bush Knolls**  
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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 obligations or securities 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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer’s investment pool (STAR Ohio);
7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**Deposits**

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Deposits were fully covered by FDIC.

**Investments**

The fair value of these investments is not materially different from measurement values. As of December 31, 2018, the Village had the following investment:

	Measurement Value	Maturity
STAR Ohio	\$ 127,519	N/A
Total Portfolio	\$ 127,519	

**Note 5 –Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

**Village of Sugar Bush Knolls**  
**Portage County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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2018 real property taxes are levied after October 1, 2018, on assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2018, was \$12.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$	7,714,300
Public Utility		53,700
Total	\$	7,768,000

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 6 – Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	2018
Assets	\$ 15,065,412
Liabilities	(10,734,623)
Retained Earnings	\$ 4,330,789

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

**Note 7 – Defined Benefit Pension Plans**

**Plan Description - Ohio Public Employees Retirement System**

Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detail information about OPERS' fiduciary net position. Interested parties may obtain a copy by visiting <https://www.opers.org/financial.reports.html>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):



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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contributions benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

**Village of Sugar Bush Knolls**  
**Portage County**  
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The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2018 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2018 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$2,669 for year 2018.

**Note 8 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, PERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed by July 1, 2016. OPERS maintains a cost-sharing, multiple-e post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

**Village of Sugar Bush Knolls**  
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In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the financial report. Interest parties may obtain a copy by visiting <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 and 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the year ended December 31, 2018 was \$133. The full amount has been contributed for 2018.

**Village of Sugar Bush Knolls**  
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*Notes to the Basic Financial Statements*  
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**Note 9 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Street Construction Maint. Fund	Total
<b>Restricted</b>			
Road Maintenance	-	12,165	12,165
Total Restricted	-	12,165	12,165
<b>Unassigned</b>	147,035	-	147,035
Total Fund Balance	\$ 147,035	\$ 12,165	\$ 159,200

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Sugar Bush Knolls  
Portage County  
P.O. Box 2127  
Streetsboro, Ohio 44241

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the Village of Sugar Bush Knolls, Portage County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 13, 2020, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Sugar Bush Knoll's internal control over financial reporting (internal control) to determine the 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 Village'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 a 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 Village'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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we may consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Sugar Bush Knolls'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, opining on compliance 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*.

***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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
August 13, 2020

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Significant Deficiency – Financial Reporting**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

In 2019, the Village filed financial statements in the Hinkle System, which did not show the Street Construction, Maintenance and Repair Fund as a major fund. The assets (cash) of this fund was more than 10% of total governmental fund assets (cash).

The 2019 financial statements have been adjusted to include the Street Construction, Maintenance and Repair Fund as a major fund and the required budgetary statement was included.

Client Response: We received no response from the client.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SUGAR BUSH KNOLLS**

**PORTAGE 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 9/1/2020**

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](http://www.ohioauditor.gov)