



**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO  
AUDITOR OF STATE**

**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Sugar Bush Knolls  
Portage County  
1355 Lake Roger Drive  
Kent, Ohio 44240

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Sugar Bush Knolls, Ohio, Portage County, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Sugar Bush Knolls, Ohio, Portage County, as of December 31, 1999 and 1998, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 30, 2000

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SUGAR BUSH KNOLLS VILLAGE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$36,311	\$1,204		\$42,320
Intergovernmental	57,070	4,418		56,683
Licenses, Permits, and Fees	1,768			1,768
Earnings on Investments	11,183	1,671		12,854
Total Cash Receipts	<u>106,332</u>	<u>7,292</u>		<u>113,625</u>
<b>Cash Disbursements:</b>				
Security of Persons and Property	4,491			4,491
Community Environment	15,553			15,553
Basic Utility Services	10,296			10,296
Transportation	23,100			23,100
General Government	32,593			32,593
Capital Outlay			22,795	22,795
Total Cash Disbursements	<u>86,033</u>		<u>22,795</u>	<u>108,828</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	20,300	7,292	(22,795)	4,797
Fund Cash Balances - January 1, 1999	<u>158,979</u>	<u>20,958</u>	<u>166,729</u>	<u>346,666</u>
<b>Fund Cash Balances - December 31, 1999</b>	<b><u>\$179,279</u></b>	<b><u>\$28,250</u></b>	<b><u>\$143,934</u></b>	<b><u>\$351,463</u></b>
Reserve for Encum. December 31, 1999	\$6,318		\$6,422	\$12,740

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF SUGAR BUSH KNOLLS  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$37,033	\$1,362		\$38,395
Intergovernmental	68,684	4,077		72,761
Licenses, Permits, and Fees	1,414			1,414
Earnings on Investments	11,645	1,588		13,233
<b>Total Cash Receipts</b>	<u>118,776</u>	<u>7,027</u>		<u>125,803</u>
<b>Cash Disbursements:</b>				
Security of Persons and Property	7,599			7,599
Community Environment	8,220			8,220
Basic Utility Services	10,296			10,296
Transportation	18,000			18,000
General Government	30,787			30,787
Capital Outlay			5,800	5,800
<b>Total Cash Disbursements</b>	<u>74,902</u>		<u>5,800</u>	<u>80,702</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>43,874</u>	<u>7,027</u>	<u>(5,800)</u>	<u>45,101</u>
<b>Other Financing Sources/(Uses):</b>				
Contingencies	<u>(3,050)</u>			<u>(3,050)</u>
Total Other Financing Sources/Uses	<u>(3,050)</u>			<u>(3,050)</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	40,824	7,027	(5,800)	42,051
Fund Cash Balances - January 1, 1998	<u>118,155</u>	<u>13,931</u>	<u>172,529</u>	<u>304,615</u>
<b>Fund Cash Balances - December 31, 1998</b>	<u><b>\$158,979</b></u>	<u><b>\$20,958</b></u>	<u><b>\$166,729</b></u>	<u><b>\$346,666</b></u>
Reserve for Encumb. December 31, 1998	\$4,841			\$4,841

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF SUGAR BUSH KNOLLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sugar Bush Knolls, Ohio, Portage County, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village contracts with providers for general governmental services, including, garbage pickup, grounds upkeep and street lighting. The Village contracts with the Portage County Sheriff's department and the City of Kent fire department to provide security of persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village maintains the following significant Special Revenue Fund:

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle license taxes. These proceeds are restricted to the constructing, maintaining, and repairing of Village roads.

**VILLAGE OF SUGAR BUSH KNOLLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Mayor and Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$127,212	\$133,358
STAR Ohio	224,251	213,308
	\$351,463	\$346,666
Total deposits and investments	\$351,463	\$346,666

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF SUGAR BUSH KNOLLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

(Continued)

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,956	\$106,332	\$8,376
Special Revenue	5,819	7,292	1,473
Capital Project	8,240	0	(\$8,240)
Total	\$112,015	\$113,624	\$1,609

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$269,115	\$92,350	\$176,765
Special Revenue	35,370	0	35,370
Capital Project	277,880	29,217	\$248,663
Total	\$582,365	\$121,567	\$460,798

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,241	\$118,775	\$20,534
Special Revenue	5,819	7,027	1,208
Capital Project	8,240	0	(\$8,240)
Total	\$112,300	\$125,802	\$13,502

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,700	\$82,793	\$21,907
Special Revenue	0	0	0
Capital Project	50,000	5,800	\$44,200
Total	\$154,700	\$88,593	\$66,107

**VILLAGE OF SUGAR BUSH KNOLLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

**(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RISK MANAGEMENT**

The Village has obtained general liability commercial insurance.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Village of Sugar Bush Knolls  
Portage County  
1355 Lake Roger Drive  
Kent, Ohio 44240

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Sugar Bush Knolls, Ohio, Portage County, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 30, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Village of Sugar Bush Knolls  
Portage County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 30, 2000.

This report is intended for the information and use of management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 30, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF SUGAR BUSH KNOLLS**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 28, 2000**