



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Sugar Bush Knolls (the Village) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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 of the Village as of December 31, 2001 and 2000 and its combined cash receipts and 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 April 8, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 8, 2002

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$38,081	\$1,448		\$39,529
State Shared Taxes and Permits	63,679	4,755		68,434
Fines, Licenses, and Permits	1,179			1,179
Earnings on Investments	10,691			10,691
Miscellaneous	448			448
Total Cash Receipts	<u>114,078</u>	<u>6,203</u>		<u>120,281</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	11,956			11,956
Basic Utility Services	18,741			18,741
Transportation	21,101		8,860	29,961
General Government	28,247			28,247
Capital Outlay			600	600
Total Cash Disbursements	<u>80,045</u>		<u>9,460</u>	<u>89,505</u>
Total Receipts Over/(Under) Disbursements	34,033	6,203	(9,460)	30,776
Fund Cash Balances, January 1	<u>134,977</u>	<u>19,207</u>	<u>143,464</u>	<u>297,648</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$169,010</b></u>	<u><b>\$25,410</b></u>	<u><b>\$134,004</b></u>	<u><b>\$328,424</b></u>

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

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$35,844	\$1,116		\$36,960
State Shared Taxes and Permits	58,819	4,608		63,427
Fines, Licenses, and Permits	1,296			1,296
Earnings on Investments	13,849		1,484	15,333
Miscellaneous	310			310
<b>Total Cash Receipts</b>	<b>110,118</b>	<b>5,724</b>	<b>1,484</b>	<b>117,326</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	8,173			8,173
Community Environment	17,979			17,979
Basic Utility Services	9,536			9,536
Transportation	12,567	14,767		27,334
General Government	37,852			37,852
Capital Outlay			70,267	70,267
<b>Total Cash Disbursements</b>	<b>86,107</b>	<b>14,767</b>	<b>70,267</b>	<b>171,141</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>24,011</b>	<b>(9,043)</b>	<b>(68,783)</b>	<b>(53,815)</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In			68,313	68,313
Transfers-Out	(68,313)			(68,313)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(68,313)</b>		<b>68,313</b>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(44,302)	(9,043)	(470)	(53,815)
Fund Cash Balances, January 1	179,279	28,250	143,934	351,463
<b>Fund Cash Balances, December 31</b>	<b>\$134,977</b>	<b>\$19,207</b>	<b>\$143,464</b>	<b>\$297,648</b>

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



**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sugar Bush Knolls, 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 Villages contracts with the Portage County Sheriff's department and with the City of Kent's 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are included in fund cash balances. 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 disbursements, respectively.

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 Funds**

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 had the following significant Special Revenue Fund:

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**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). The Village had the following significant Capital Project Fund:

Capital Project Fund – This fund receives revenue from transfers from the General Fund to pay for capital improvement acquisitions.

**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, function or object level of control, and appropriations may not exceed estimated resources. The 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 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 canceled, and reappropriated in the subsequent year.

A summary of 20001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**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:

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

	2001	2000
Demand deposits	\$79,913	\$59,026
STAR Ohio	248,511	238,622
Total deposits and investments	\$328,424	\$297,648

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

**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, 2001 and 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,825	\$114,078	\$8,253
Special Revenue	4,450	6,203	1,753
Capital Projects	0	0	0
Total	\$110,275	\$120,281	\$10,006

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,330	\$80,045	\$28,285
Special Revenue	0	0	0
Capital Projects	9,460	9,460	0
Total	\$117,790	\$89,505	\$28,285

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,669	\$110,118	(\$551)
Special Revenue	5,820	5,724	(96)
Capital Projects	11,845	69,797	57,952
Total	\$128,334	\$185,639	\$57,305

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,900	\$154,420	(\$39,520)
Special Revenue	15,800	14,767	1,033
Capital Projects	100,000	70,267	29,733
Total	\$230,700	\$239,454	(\$8,754)

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payments, 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. RETIREMENT SYSTEMS**

The employee belongs to the Public Employees Retirement System (PERS) of Ohio. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to the participant as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, The PERS member contributed 8.5% of this wages. The Village contributed an amount equal to 13.55% of participant's gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Village has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for comprehensive property and general liability.

**7. RELATED PARTY TRANSACTIONS**

The Village general checking account is with Huntington National Bank of Ohio. This account bank balance as of December 31, 2001 was \$80,038.09. The Clerk/Treasurer is employed at Huntington National Bank as a Personal Banker. The Village advertises in local newspapers for bids when selecting a depository. All other funds of the Village are held in investments with Star Ohio. Total investments as of December 31, 2001 were \$248,510.64.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
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 the accompanying financial statements of the Village of Sugar Bush Knolls (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 8, 2002.

**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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 April 8, 2002.

Village of Sugar Bush Knolls  
Portage County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

April 8, 2002



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  
MAY 21, 2002**