

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY  
Regular Audit  
December 31, 2007 and 2006**

***Perry & Associates***  
Certified Public Accountants, A.C.





Mary Taylor, CPA  
Auditor of State

Mayor, Fiscal Officer, and Members of Village Council  
Village of Sugar Bush Knolls  
P. O. Box 2127  
Streetsboro, Ohio 44241

We have reviewed the *Independent Accountants' Report* of the Village of Sugar Bush Knolls, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 12, 2009

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**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis: For the Year Ended December 31, 2007 .....	3
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2007 .....	10
Statement of Activities – Cash Basis For the Year Ended December 31, 2007 .....	11
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2007 .....	12
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2007 .....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – General Fund For the Year Ended December 31, 2007 .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Street Construction, Maintenance, and Repair Fund For the Year Ended December 31, 2007 .....	15
Management's Discussion and Analysis: For the Year Ended December 31, 2006 .....	16
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2006 .....	24
Statement of Activities – Cash Basis For the Year Ended December 31, 2006 .....	25
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2006 .....	26
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2006 .....	27

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**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Governmental Financial Statements: (Continued)	
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – General Fund For the Year Ended December 31, 2006 .....	28
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Street Construction, Maintenance, and Repair Fund For the Year Ended December 31, 2006 .....	29
Notes to the Financial Statements For the Years Ended December 31, 2007 and 2006 .....	30
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	41
Schedule of Findings .....	43

***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

December 26, 2008

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

To the Mayor, Fiscal Officer, and Members of Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Village of Sugar Bush Knolls, Portage County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village has prepared these financial statements using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Village of Sugar Bush Knolls, Portage County, Ohio**, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction, Maintenance, & Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.



Village of Sugar Bush Knolls  
Portage County  
Independent Accountants' Report  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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This discussion and analysis of the Village of Sugar Bush Knolls, Portage County, Ohio financial performance provides an overall review of the Village's financial activities for the year ending December 31, 2007, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$6,097, or 2.37 percent, a small change from the prior year. All three funds increased slightly during the year 2007, while only the General Fund and the Street Construction, Maintenance, and Repair Fund had expenditures taken from them during the year.

The Village's government fund receipts are primarily property taxes and intergovernmental shared funds. These receipts represent respectively 35.7 and 54.5 percent of the total cash received for governmental activities during the year. Tax receipts for 2007 decreased \$1,616 as compared to 2006 while the intergovernmental shared funds increased slightly.

During 2007, the Village spent \$10,924 to finish the road repaving project for Lake Roger Drive and Sheppard Drive that was started in 2006.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on the cash basis of accounting which is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues, such as accounts receivable, and certain liabilities and their related expenses, such as accounts payable, are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

The Village only has governmental activities, thus the statement of net assets and the statement of activities will only show governmental type activities:

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

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Village only has governmental type activities, thus the statement of net assets and the statement of activities will only show governmental type activities.

Governmental Funds - All of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The Village's major governmental funds are the unrestricted General Fund and the restricted Street Construction, Maintenance, & Repair Fund. The information for the non-major funds, funds whose activity or balance is not large enough to warrant separate reporting, is combined and presented in total in a single column. The Village's only non-major governmental fund is the restricted Other Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)		
<b>Net Assets</b>		
	Governmental Activities	
	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$263,321	\$257,224
<b>Total Assets</b>	<b>263,321</b>	<b>257,224</b>
<b>Net Assets</b>		
Restricted for:		
Capital Outlay	10,327	9,970
Other Purposes	40,377	38,940
Unrestricted	212,617	208,314
<b>Total Net Assets</b>	<b>\$263,321</b>	<b>\$257,224</b>

As mentioned previously, net assets of governmental activities increased \$6,097 or 2.37 percent during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- No major projects were funded or started in 2007.
- The only major expenditure for year 2007 that is not a result of the day to day operations of the Village was \$10,924, which was spent to complete a road repaving project started in 2006 and most of the expenses for this project was paid for in 2006.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

(Table 2)			
<b>Changes in Net Assets</b>			
	Governmental Activities		Change
	2007	2006	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 2,605	\$ 2,851	\$ (246)
Operating Grants and Contributions	10,371	10,587	(216)
Total Program Receipts	12,976	13,438	(462)
General Receipts:			
Property and Other Local Taxes	44,631	46,247	(1,616)
Grants and Entitlements Not Restricted to Specific Programs	57,657	57,219	438
Interest	9,237	8,502	735
Miscellaneous	250	-	250
Total General Receipts	111,775	111,968	(193)
Total Receipts	124,751	125,406	(655)
Disbursements:			
General Government	28,399	33,714	(5,315)
Security of Persons and Property	12,778	13,242	(464)
Public Health Services	2,860	3,740	(880)
Community Environment	12,861	14,077	(1,216)
Basic Utilities	25,001	23,941	1,060
Transportation	36,755	44,920	(8,165)
Total Disbursements	118,654	133,634	(14,980)
Increase (Decrease) in Net Assets	6,097	(8,228)	14,325
Net Assets, January 1, 2007	257,224	265,452	(8,229)
Net Assets, December 31, 2007	<u>\$ 263,321</u>	<u>\$ 257,224</u>	<u>\$ 6,096</u>

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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Program receipts for 2007 represent only 10.40 percent of total receipts. The program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, franchise fees, and building permits.

General receipts for 2007 represent 89.60 percent of the Village's total receipts, and of this amount, 35.78 percent are local taxes. State and federal grants and entitlements make up most of the balance of the Village's general receipts which is 51.58 percent.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the salary and benefits of the Clerk/Treasurer and the general office cost of operating the Village. These costs do not represent direct services to residents, but they do cover 23.93 percent of General Fund unrestricted receipts because of the limited nature of the Village's responsibilities to the residents of this community.

Security of Persons and Property are the costs of police and fire protection and street lighting; Public Health Services is the mosquito fogging program; Community Environment is the costs of maintaining the lakes, grounds, and the Village storm drainage system; Basic Utilities is the cost of the garbage and leaf pickup; and Transportation is the cost of keeping the roads clear of snow by plowing and salting and this year, the completion of a street repaving project.

Total general receipts are almost identical for the years 2007 and 2006. There is only a \$193 difference between the two years with the collections in 2007 being a little less. The disbursements are \$14,980 less in 2007 as compared to 2006. This difference is primarily a result of funding a \$31,430 repaving project in 2006. To complete this project an additional \$10,924 was paid in 2007.

### **Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2007, the major program disbursements for governmental activities were for basic utility services, transportation, and general government, which account for 21.07, 30.98, and 23.93 percent of all governmental disbursements, respectively. General government represents a significant cost, but the cost actually decreased \$5,315 from 2006. This decrease is primarily due to no audit cost in 2007. Audit fees amounted to \$4,419 in 2006. Due to the make up of our municipality, general government cost will continue to be one of the major expenses of our Village. Transportation cost decreased \$8,165 while basic utilities increased \$1,060. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt and Disbursement column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

(Table 3)				
<b>Governmental Activities</b>				
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2007	2007	2006	2006
General Government	\$28,399	\$25,869	\$33,714	\$31,213
Security of Persons and Property	12,778	12,778	13,242	13,242
Public Health Services	2,860	2,860	3,740	3,740
Community Environment	12,861	12,786	14,077	13,727
Basic Utilities	25,001	25,001	23,941	23,941
Transportation	36,755	26,384	44,920	34,333
<b>Total Expenses</b>	<b>\$118,654</b>	<b>\$105,678</b>	<b>\$133,634</b>	<b>\$120,196</b>

For 2007 the dependence upon property tax and intergovernmental shared fund receipts is apparent as 86 percent of governmental activities were supported through these general receipts. In 2006, 77 percent of governmental activities were supported through these general receipts. A comparison of the percentages for 2007 and 2006 are actually closer than they appear. The receipts between the two years are only \$655 different with 2006 being higher, but the expenditures for both years were different by \$14,980 with again the year 2006 being higher than 2007.

**The Village's Funds**

In 2007, total governmental funds had receipts of \$124,751 and disbursements of \$118,654. All three of the funds experienced small increases in their ending balances for the year. The fund balance of the General Fund increased \$4,303, the Street Construction, Maintenance & Repair Fund balance increased \$1,437, and the Other Capital Projects Fund balance increased \$357. All of these increases were a result of less spending in 2007 as compared to 2006 as the receipts were almost identical for each year.

In 2007, the General Fund receipts were greater than disbursements by \$4,303 indicating that the General Fund is in a surplus spending or at least a break even situation. In 2008, just the audit expenses alone would eliminate this small surplus. In 2007, there was one extraordinary expense of \$10,924 for roadway repaving. These figures illustrate that currently the Village can afford its day to day expenses and even a small non-recurring expense, but any large extraordinary expenses will push the Village's financials into the red on any given year. A review of the current finances of the Village shows that the regular yearly governmental receipts are still enough to pay for the general day to day disbursements. This review also shows that the prospects of increased revenue are almost nonexistent unless increased taxes were levied against the residents of the community. Looking at the spending of 2007, currently in the General Fund alone has almost two years of spending reserves that could cover the day to day operations of the Village. Because of this, Council must be extremely diligent with the Village's spending patterns in order to maintain the Village with a strong financial foundation.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**Overall Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The General Fund budgeted receipts were \$107,061 and the receipts were \$ 112,033. The difference between budgeted receipts and actual receipts for the General fund was \$4,972. The Street Construction, Maintenance, and Repair Fund budgeted receipts were \$8,000 and the receipts were \$12,361. The difference between budgeted receipts and actual receipts was \$4,361. The differences between budget and actual are due to caution in the budget process.

General fund final disbursements were budgeted at \$170,192 while actual disbursements were only \$107,730. Street Construction, Maintenance, and Repair fund final disbursements were budgeted at \$30,924 while actual disbursements were only \$10,924. Again, this difference between budgeted and actual is due to caution in the budget process. The results of 2007 were an increase in the assets of the Village by \$6,097.

**Capital Assets and Debt Administration**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Clerk /Treasurer has attended several training sessions on this subject, but so far a program or recording and tracking these assets has not been put in place.

Debt

As of December 31, 2007, the Village did not have any outstanding debt.

**Current Issues**

The challenge for all municipalities is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on real estate property taxes and intergovernmental shared funds to support its revenue base. The Village has no industry to support the tax base. Upon review of its sources of revenue, immediate increases are very unlikely. The Village's cash flow is structured so that normal day to day operations are covered by the receipts that the Village can regularly generate, but any large extraordinary projects that come along usually must be paid for from the cash reserves the Village has at its disposal. The current reserves are at a level of covering about two years of normal day to day appropriations. Our newly prepared financial forecast predicts a deficit for 2008 but the amount of the deficit can be controlled by the Village Council based on the urgency of the need and the existing funds that are available. Also, some of this deficit is created by cautious planning on the part of the Clerk/Treasurer during the budget process and unless a large extraordinary unexpected expense is necessary, most if not all of the deficit does not even occur.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to William Elder, Clerk/Treasurer, Village of Sugar Bush Knolls, Post Office Box 2127, Streetsboro, Ohio 44241. A telephone message can also be left at 330-626-9651.



**Village of Sugar Bush Knolls, Portage County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

	Governmental Activities	Total
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$263,321	\$263,321
<i>Total Assets</i>	263,321	263,321
 <b>Net Assets</b>		
Restricted for:		
Capital Projects	10,328	10,328
Other Purposes	40,377	40,377
Unrestricted	212,616	212,616
<i>Total Net Assets</i>	\$263,321	\$263,321

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities</b>					
Security of Persons and Property	\$ 12,778	\$ -	\$ -	\$ (12,778)	\$ (12,778)
Public Health Services	2,860	-	-	(2,860)	(2,860)
Community Environment	12,861	75	-	(12,786)	(12,786)
Basic Utility Services	25,001	-	-	(25,001)	(25,001)
Transportation	36,755	-	10,371	(26,384)	(26,384)
General Government	28,399	2,530	-	(25,869)	(25,869)
<i>Total Governmental Activities</i>	<u>\$ 118,654</u>	<u>\$ 2,605</u>	<u>\$ 10,371</u>	<u>\$ (105,678)</u>	<u>\$ (105,678)</u>

Net (Disbursements) Receipts and Changes in Net Assets			
	Governmental Activities	Total	
<b>General Receipts</b>			
Property Taxes	\$ 43,978	\$	43,978
Other Taxes	653		653
Grants and Entitlements not Restricted to Specific Programs	57,657		57,657
Earnings on Investments	9,237		9,237
Miscellaneous	250		250
<i>Total General Receipts</i>	<u>111,775</u>		<u>111,775</u>
Change in Net Assets	<u>6,097</u>		<u>6,097</u>
<i>Net Assets Beginning of Year</i>	<u>257,224</u>		<u>257,224</u>
<i>Net Assets End of Year</i>	<u><u>\$ 263,321</u></u>	<u><u>\$</u></u>	<u><u>263,321</u></u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 212,616	\$ 40,377	\$ 10,328	\$ 263,321
<i>Total Assets</i>	<u>212,616</u>	<u>40,377</u>	<u>10,328</u>	<u>263,321</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	212,616	-	-	212,616
Special Revenue Funds	-	40,377	-	40,377
Capital Projects Funds	-	-	10,328	10,328
<i>Total Fund Balances</i>	<u>\$ 212,616</u>	<u>\$ 40,377</u>	<u>\$ 10,328</u>	<u>\$ 263,321</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 43,994	\$ 637	\$ -	\$ 44,631
Intergovernmental	57,657	10,371	-	68,028
Fines, Licenses, and Permits	2,605	-	-	2,605
Earnings on Investments	7,527	1,353	357	9,237
Miscellaneous	250	-	-	250
<i>Total Receipts</i>	<u>112,033</u>	<u>12,361</u>	<u>357</u>	<u>124,751</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	12,778	-	-	12,778
Public Health Services	2,860	-	-	2,860
Community Environment	12,861	-	-	12,861
Basic Utility Services	25,001	-	-	25,001
Transportation	25,831	10,924	-	36,755
General Government	28,399	-	-	28,399
<i>Total Disbursements</i>	<u>107,730</u>	<u>10,924</u>	<u>-</u>	<u>118,654</u>
<i>Net Change in Fund Balances</i>	4,303	1,437	357	6,097
<i>Fund Balances Beginning of Year</i>	<u>208,313</u>	<u>38,940</u>	<u>9,971</u>	<u>257,224</u>
<i>Fund Balances End of Year</i>	<u>\$ 212,616</u>	<u>\$ 40,377</u>	<u>\$ 10,328</u>	<u>\$ 263,321</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 46,811	\$ 46,811	\$ 43,994	\$ (2,817)
Intergovernmental	54,000	54,000	57,657	3,657
Fines, Licenses, and Permits	2,250	2,250	2,605	355
Earnings on Investments	4,000	4,000	7,527	3,527
Miscellaneous	-	-	250	250
<i>Total Receipts</i>	<u>107,061</u>	<u>107,061</u>	<u>112,033</u>	<u>4,972</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	19,700	20,400	12,778	7,622
Public Health Services	-	5,765	2,860	2,905
Community Environment	39,100	39,300	12,861	26,439
Basic Utility Services	26,000	26,000	25,001	999
Transportation	35,000	35,000	25,831	9,169
General Government	42,250	43,727	28,399	15,328
<i>Total Disbursements</i>	<u>162,050</u>	<u>170,192</u>	<u>107,730</u>	<u>62,462</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(54,989)	(63,131)	4,303	67,434
<i>Fund Balance Beginning of Year</i>	<u>208,313</u>	<u>208,313</u>	<u>208,313</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 153,324</u>	<u>\$ 145,182</u>	<u>\$ 212,616</u>	<u>\$ 67,434</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 500	\$ 500	\$ 637	\$ 137
Intergovernmental	7,000	7,000	10,371	3,371
Earnings on Investments	500	500	1,353	853
<i>Total Receipts</i>	<u>8,000</u>	<u>8,000</u>	<u>12,361</u>	<u>4,361</u>
<b>Disbursements</b>				
Current:				
Transportation	30,924	30,924	10,924	20,000
<i>Total Disbursements</i>	<u>30,924</u>	<u>30,924</u>	<u>10,924</u>	<u>20,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,924)	(22,924)	1,437	24,361
<i>Fund Balance Beginning of Year</i>	20,370	20,370	20,370	-
Prior Year Encumbrances Appropriated	18,570	18,570	18,570	-
<i>Fund Balance End of Year</i>	<u>\$ 16,016</u>	<u>\$ 16,016</u>	<u>\$ 40,377</u>	<u>\$ 24,361</u>

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

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Village of Sugar Bush Knolls', Portage County, Ohio (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of the Village activities decreased \$8,228, or 3.1 percent, a very small change from the prior year. The only fund affected by the decrease in cash and cash equivalents was the Street Construction, Maintenance, & Repair Fund. This decrease was due to a one time repaving project in which \$31,430 was spent in 2006.

The Village's primary general receipts are real estate property taxes and intergovernmental shared funds. These receipts represent respectively 36.87 and 45.62 percent of the total cash received for governmental activities during the year. Tax receipts for 2006 increased \$5,652 compared to 2005 while intergovernmental shared funds did not change significantly.

The Village spent \$31,430 for the repaving project mentioned above. The cost of this project alone represents 23.52 percent of the total amount spent by the Village. This repaving project was not completed in the current year. In the spring of 2007, another \$12,250 will be spent in order to complete this project.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues, such as accounts receivable, and certain liabilities and their related expenses, such as accounts payable, are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

The Village only has governmental activities, thus the statement of net assets and the statement of activities will only show governmental type activities:

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

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Village only has governmental type of activities, thus the statement of net assets and the statement of activities will only show governmental type activities;

Governmental Funds - All of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. In 2006, the Village's major governmental funds are the General Fund and the Street Construction, Maintenance, & Repair Fund. The information for nonmajor funds, funds whose activity or balances are not large enough to warrant separate reporting, is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.



Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
Net Assets

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 257,224	\$ 265,452
<b>Total Assets</b>	<b>257,224</b>	<b>265,452</b>
<b>Net Assets</b>		
Restricted for:		
Capital Outlay	9,971	9,679
Other Purposes	38,940	57,376
Unrestricted	208,313	198,397
<b>Total Net Assets</b>	<b>\$ 257,224</b>	<b>\$ 265,452</b>

The assets in the Capital Outlay area increased \$292 from 2005 to 2006. The revenue for this area in 2006 was \$292 and the disbursements were \$0.00. This is a restricted fund that requires the disbursements to be made only for capital improvements. The only revenue in 2006 for this area was the interest credited from the STAR Ohio investment account.

The assets in the Other Purposes area decreased \$18,436 from 2005 to 2006. The revenue for this area in 2006 was \$12,994 and the disbursements were \$31,430. This is a restricted fund that requires the disbursements to be made for only street construction, maintenance, or repair. The revenue for this area comes from gasoline, license, and permissive taxes, and interest from the STAR Ohio investment account.

The assets in the unrestricted area increased \$9,916 from 2005 to 2006. The revenue for this area in 2006 was \$112,120 and the disbursements were \$102,204. This is an unrestricted fund that allows disbursements for any State approved legal purpose. The revenue for this area comes from any source that is not restricted such as real estate property taxes and intergovernmental shared funds, and interest from the STAR Ohio investment account.

As mentioned previously, net assets of governmental activities decreased \$8,228 or 3.1 percent during 2006. This decrease only occurred in the Street Construction, Maintenance, & Repair Fund, the Other Purposes Fund listed above. The reason contributing to the decrease in the cash balance was a repaving project. Without this repaving project, the Village's net assets would have increased \$23,202. The total revenues for 2006 were \$125,406 and the disbursements would have only been \$102,204.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities of the Village.

(Table 2)

**Changes in Net Assets**

	Governmental Activities		Change
	2006	2005	
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services and Sales	\$ 2,851	\$ 2,504	\$ 347
Operating Grants and Contributions	10,587	9,209	1,378
<b>Total Program Receipts</b>	<b>13,438</b>	<b>11,713</b>	<b>1,725</b>
<b>General Receipts:</b>			
Property and Other Local Taxes	46,247	40,595	5,652
Grants and Entitlements Not Restricted to Specific Programs	57,219	59,434	(2,215)
Interest	8,502	6,790	1,712
<b>Total General Receipts</b>	<b>111,968</b>	<b>106,819</b>	<b>5,149</b>
<b>Total Receipts</b>	<b>125,406</b>	<b>118,532</b>	<b>6,874</b>
<b>Disbursements:</b>			
General Government	33,714	49,349	(15,635)
Security of Persons and Property	13,242	9,525	3,717
Public Health Services	3,740	4,200	(460)
Economic Development	14,077	1,990	12,087
Basic Utilities	23,941	21,908	2,033
Transportation	44,920	26,192	18,728
Capital Outlay	-	73,977	(73,977)
<b>Total Disbursements</b>	<b>133,634</b>	<b>187,141</b>	<b>(53,507)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(8,228)</b>	<b>(68,609)</b>	<b>60,381</b>
<b>Net Assets, January 1</b>	<b>265,452</b>	<b>334,061</b>	<b>(68,609)</b>
<b>Net Assets, December 31</b>	<b>\$ 257,224</b>	<b>\$ 265,452</b>	<b>\$ (8,228)</b>

Program receipts represent only 10.72 percent of total receipts for 2006 and 9.88 percent for 2005. In both years, the program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and building permits.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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General receipts for 2006 represent 89.29 percent of the Village's total receipts, and of this amount, 41.30 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts or 51.10 percent. General receipts for 2005 represent 90.12 percent of the Village's total receipts, and of this amount, 38.00 percent are local taxes. Again, state and federal grants and entitlements make up the balance of the Village's general receipts or 55.64 percent. For both years, other receipts represent interest income.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the Clerk/Treasurer's salary and other benefits and the general office costs of running the Village.

Security of Persons and Property are the costs of police and fire protection and street lighting; Public Health Services is the mosquito fogging; Community Environment is the cost of maintaining the lakes, grounds, and the Village drainage systems. Basic Utilities is the cost of the garbage and leaf collection; and Transportation is the cost of maintaining the roads, including snow removal and salting.

For 2006, the total general government cost is 25.23 percent of the total expenses of the Village. For 2005, the total general government cost is 26.37 percent of the total expenses of the Village. Even though these two percentage figures are close, there was still a \$15,635 decrease in 2006 as compared to 2005. This change is due to the Clerk/Treasurer reclassifying several expenses from the general government area to the economic development area. The preparation of this report, which started in January 2006, brought attention to the expense codes that the bills were being paid out of. Because of this new focus, several expenses like the lawn care and the general repair items were moved out of the general governmental expense area and placed in the community environment area. This switch aligned the cost more closely to the area in which they were being spent.

The expenses for the community environment area increased \$12,087 from 2005 to 2006. As mentioned above, this increase is due to the realignment of several expenses and not an increase in spending. From 2006 forward, this expense area should remain pretty consistent.

The expenses for the transportation area increased \$18,728 from 2005 to 2006. This increase is the result of a repaving project done in 2006. This project was not completed in 2006 and \$12,250 will be due when this project is finally completed in the spring of 2007. Without this one time project, the spending in this area would have decreased by \$12,702.

Finally, the capital outlay expense area decreased \$73,977 from 2005 to 2006. This is due to the completion in 2005 of a one time project done on the lakes and dams of the Village.

### **Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and transportation, which account for 25.23 and 33.61 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

(Table 3)

<b>Governmental Activities</b>				
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2006	2006	2005	2005
General Government	\$33,714	\$31,213	\$49,349	\$46,845
Security of Persons and Property	13,242	13,242	9,525	9,525
Public Health Services	3,740	3,740	4,200	4,200
Community Environment	14,077	13,727	1,990	1,990
Basic Utilities	23,941	23,941	21,908	21,908
Transportation	44,920	34,333	26,192	16,983
Capital Outlay	0	0	73,977	73,977
<b>Total Expenses</b>	<b>\$133,634</b>	<b>\$120,196</b>	<b>\$187,141</b>	<b>\$175,428</b>

The dependence upon property taxes and intergovernmental shared fund receipts is apparent as 77 percent of governmental activities are supported through these general receipts.

As mentioned previous, the adjustments done to the makeup of the general government expenses in 2006 lowered these expenses and raised the community environment expenses as compared to 2005. The transportation expenses increased in 2006 over 2005 because of a one time repaving project. The capital outlay expense decrease from 2005 to 2006 was due to the completion of a one time lake and dam project in 2005.

**The Village's Funds**

Total governmental funds had receipts of \$125,406 and disbursements of \$133,634. The greatest change within governmental funds occurred within the Street Construction, Maintenance, & Repair Fund. The fund balance of the Street Construction, Maintenance, & Repair Fund decreased \$18,436 as the result of a one time roadway repaving project. The decrease in assets in this one fund ended up reducing the Village's assets for the year by \$8,228. In 2006, \$31,430 was spent for this repaving project but the project was not completed. Another \$12,250 has been encumbered in order to complete this project in the spring of 2007.

Receipts were greater than disbursements by \$9,916 for the General Fund and \$292 for the Other Capital Projects Fund indicating that the General Fund and the Other Capital Projects Fund were in a surplus spending situation. The Street Construction, Maintenance, & Repair Fund receipts were less than disbursements by \$18,436 indicating that the Street Construction, Maintenance, & Repair Fund was in a deficit spending situation. The deficit spending situation in the Street Construction, Maintenance, & Repair Fund obviously cannot continue indefinitely, but the Village is prepared for occasional situations like this that do arise from time to time. The Village has been working on a roadway maintenance program in order to ensure a trouble free infrastructure within the Village. None of the roadways within the Village are in poor condition so these one time repaving projects can be done as the funds are available. In 2006, the balance in the Street Construction, Maintenance, & Repair Fund reached \$70,370. This figure allowed the Village to easily pay for this repaving project from existing funds that are restricted for this purpose without borrowing any money or using unrestricted funds from the General Fund. The Village has been keeping funds in reserve in order to pay for this project when the time came. In the General Fund alone, the Village currently has about two years of reserved funds that could cover the day to day operations of the Village. Also, a review of the current finances shows that the regular yearly governmental receipts are still enough to pay for the general day to day disbursements.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Overall Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Village amended its overall budget figures in order to reflect changing circumstances. The General Fund budgeted receipts were \$101,229 and the receipts were \$ 112,120. The difference between budgeted receipts and actual receipts for the General fund was \$10,891. The Street Construction, Maintenance, and Repair Fund budgeted receipts were \$7,000 and the receipts were \$ 12,994. The difference between budgeted receipts and actual receipts was \$5,994.

General fund final disbursements were budgeted at \$175,450 while actual disbursements were only \$102,204. Street Construction, Maintenance, and Repair fund final disbursements were budgeted at \$50,000 while actual disbursements were only \$31,430. The result is a decrease in overall fund balance of \$8,228 for 2006.

**Capital Assets and Debt Administration**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Clerk/Treasurer has attended several training sessions on this subject, but so far a program of recording and tracking these assets has not been put in place.

Debt

At December 31, 2006, the Village did not have any outstanding debt.

**Current Issues**

The challenge for all municipalities is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on real estate property taxes and intergovernmental shared funds to support its revenue base. The Village has no industry to support its tax base. Upon review of its sources of revenue, immediate increases are unlikely. The Village's cash flow is structured that normal day to day operations are covered by the receipts that the Village regularly generates, but any large one time projects that come along usually must be paid for by the cash reserves the Village has. A financial review has been done and the regular receipts that the Village generates can still cover the day to day expenses that the Village has without a deficit. The current balance of the reserves is at a level of about two and a half years of normal day to day appropriations. Our newly prepared financial forecast predicts a deficit for 2007, but the amount of the deficit can be controlled by the Village Council based on the urgency of the need and the existing funds that are available. The Village conducted a roadway inspection a few years ago and \$90,000 worth of repairs was recommended. Since that inspection, \$38,010 worth of repairs has already been completed. This leaves \$51,990 worth of repairs that still needs done. None of these repairs are critical in nature and they can be done over the next five to eight years. At year end 2006, the Village has a balance of \$38,940 in the Street Construction, Maintenance, & Repair Fund that can be used to pay any expected or unexpected roadway repairs. The only other one time project the Village is working on is a drainage project between Ridgecrest Drive and Jacobs Lane. A current estimate of the cost of this project is around \$25,000. The Village is aware that yearly deficits must slow down and eventually stop, but recent deficits have been planned so certain projects could be completed. The deficits have not been due to necessity. A review of the next few years indicates that the deficits could continue, but on a much smaller scale, and if necessary, not at all.

Village of Sugar Bush Knolls  
Portage County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to William Elder, Clerk/Treasurer, Village of Sugar Bush Knolls, Post Office Box 2127, Streetsboro, Ohio 44241.

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities	Total
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$257,224	\$257,224
<i>Total Assets</i>	257,224	257,224
 <b>Net Assets</b>		
Restricted for:		
Capital Projects	9,971	9,971
Other Purposes	38,940	38,940
Unrestricted	208,313	208,313
<i>Total Net Assets</i>	\$257,224	\$257,224

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities</b>						
Security of Persons and Property	\$ 13,242	\$ -	\$ -	\$ -	\$ (13,242)	\$ (13,242)
Public Health Services	3,740	-	-	-	(3,740)	(3,740)
Community Environment	14,077	350	-	-	(13,727)	(13,727)
Basic Utility Services	23,941	-	-	-	(23,941)	(23,941)
Transportation	44,920	-	10,587	-	(34,333)	(34,333)
General Government	33,714	2,501	-	-	(31,213)	(31,213)
<i>Total Governmental Activities</i>	<u>\$133,634</u>	<u>\$2,851</u>	<u>\$10,587</u>	<u>\$0</u>	<u>(\$120,196)</u>	<u>(\$120,196)</u>

	Net (Disbursements) Receipts and Changes in Net Assets	
	Governmental Activities	Total
<b>General Receipts</b>		
Property Taxes	45,639	45,639
Other Taxes	608	608
Grants and Entitlements not Restricted to Specific Programs	57,219	57,219
Earnings on Investments	8,502	8,502
<i>Total General Receipts</i>	<u>111,968</u>	<u>111,968</u>
Change in Net Assets	<u>(8,228)</u>	<u>(8,228)</u>
<i>Net Assets Beginning of Year</i>	<u>265,452</u>	<u>265,452</u>
<i>Net Assets End of Year</i>	<u>\$ 257,224</u>	<u>\$ 257,224</u>

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



**Village of Sugar Bush Knolls, Portage County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity Pooled in Cash and Cash Equivalents	\$ 208,313	\$ 38,940	\$ 9,971	\$ 257,224
<i>Total Assets</i>	<u>208,313</u>	<u>38,940</u>	<u>9,971</u>	<u>257,224</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	-	18,570	-	18,570
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	208,313	-	-	208,313
Special Revenue Funds	-	20,370	-	20,370
Capital Projects Funds	-	-	9,971	9,971
<i>Total Fund Balances</i>	<u>\$ 208,313</u>	<u>\$ 38,940</u>	<u>\$ 9,971</u>	<u>\$ 257,224</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 45,657	\$ 590	\$ -	\$ 46,247
Intergovernmental	57,219	10,587	-	67,806
Fines, Licenses, and Permits	2,851	-	-	2,851
Earnings on Investments	6,393	1,817	292	8,502
<i>Total Receipts</i>	<u>112,120</u>	<u>12,994</u>	<u>292</u>	<u>125,406</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	13,242	-	-	13,242
Public Health Services	3,740	-	-	3,740
Community Environment	14,077	-	-	14,077
Basic Utility Services	23,941	-	-	23,941
Transportation	13,490	31,430	-	44,920
General Government	33,714	-	-	33,714
<i>Total Disbursements</i>	<u>102,204</u>	<u>31,430</u>	<u>-</u>	<u>133,634</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	9,916	(18,436)	292	(8,228)
<i>Fund Balances Beginning of Year</i>	<u>198,397</u>	<u>57,376</u>	<u>9,679</u>	<u>265,452</u>
<i>Fund Balances End of Year</i>	<u>\$ 208,313</u>	<u>\$ 38,940</u>	<u>\$ 9,971</u>	<u>\$ 257,224</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 46,929	\$ 46,929	\$ 45,657	\$ (1,272)
Intergovernmental	49,500	49,500	57,219	7,719
Fines, Licenses, and Permits	2,300	2,300	2,851	551
Earnings on Investments	2,500	2,500	6,393	3,893
<i>Total Receipts</i>	<u>101,229</u>	<u>101,229</u>	<u>112,120</u>	<u>10,891</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	14,650	18,150	13,242	4,908
Public Health Services	5,000	5,000	3,740	1,260
Community Environment	39,700	42,200	14,077	28,123
Basic Utility Services	25,000	25,000	23,941	1,059
Transportation	35,000	35,000	13,490	21,510
General Government	55,600	50,100	33,714	16,386
<i>Total Disbursements</i>	<u>174,950</u>	<u>175,450</u>	<u>102,204</u>	<u>73,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(73,721)	(74,221)	9,916	84,137
<i>Fund Balance Beginning of Year</i>	<u>198,397</u>	<u>198,397</u>	<u>198,397</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 124,676</u>	<u>\$ 124,176</u>	<u>\$ 208,313</u>	<u>\$ 84,137</u>

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

**Village of Sugar Bush Knolls, Portage County**  
*Statement of Receipts, Disbursements, and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Street Construction, Maintenance, and Repair Fund  
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ 590	\$ 590
Intergovernmental	6,500	6,500	10,587	4,087
Earnings on Investments	500	500	1,817	1,317
<i>Total Receipts</i>	<u>7,000</u>	<u>7,000</u>	<u>12,994</u>	<u>5,994</u>
<b>Disbursements</b>				
Current:				
Transportation	50,000	50,000	31,430	18,570
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>31,430</u>	<u>18,570</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(43,000)	(43,000)	(18,436)	24,564
<i>Fund Balance Beginning of Year</i>	<u>57,376</u>	<u>57,376</u>	<u>57,376</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,376</u>	<u>\$ 14,376</u>	<u>\$ 38,940</u>	<u>\$ 24,564</u>

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  
For the Years Ended December 31, 2007 and 2006

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**Note 1 – Reporting Entity**

The Village of Sugar Bush Knolls, Portage County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large with a Mayor and a Clerk/Treasurer. The term of the six Council members is four years and the terms are staggered so only half of the Council members run every two years. This way, the whole Council is not turning over every four years. All of the Council positions are elected. The Mayor appoints the President of Council and votes only to break a tie. All of the positions on Council, except the Clerk/Treasurer, are volunteer positions with only occasional expenses being reimbursed.

The reporting entity is comprised of the primary government only. There are no component units or other organizations included.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of the Village's roadways and lakes (except State Route 43 and Ferguson Road), garbage and leaf pickup, mosquito fogging, street lighting, emergency services, and police protection. The Village appropriates general fund money to support all of these activities.

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 Note 2C., 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.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village had no internal service, business-type activities, or fiduciary funds.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental 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.

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are all governmental.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental funds are the General Fund and the Street Construction, Maintenance, & Repair Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose. The Street Construction, Maintenance, & Repair Fund is one of those restricted accounts whose funds can only be used for roadway purposes as the title indicates. As stated earlier in these notes, governmental funds are the only type of funds that the Village has as of December 31, 2007.

**C. 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenue, 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 liabilities and the related expenses, are not recorded in these financial statements.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**D. 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 limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, 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/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

Village records identify the purchase of specific investments by specific funds.

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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage, and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents." As of December 31, 2007, the Village did not have any cash or cash equivalents with fiscal agents.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of the 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. As of December 31, 2007, the Village did not have any investments with an initial maturity of more than three months.

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 disbursements, respectively. As of December 31, 2007, the Village did not have any assets listed as investments.

During 2007 and 2006, the Village had its monies in a primary checking account at a local financial institution and the STAR Ohio asset investment pooled account. The Village's primary checking account, which is a demand deposit, is recorded at the amount reported by First Merit Bank as of December 31, 2007 and 2006. The Village's deposits are either insured by the Federal Depository Insurance Corporation or are collateralized by the financial institution's public entity deposit pool. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at December 31, 2007 and 2006.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**E. Cash and Investments**(continued)

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

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 2007 were \$7,527 and \$6,393 during 2006. There was no interest assigned to the General Fund from any other Village funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent the monies contained in the Street Construction, Maintenance, & Repair Fund and the Other Capital Projects Fund. The restriction of the amounts held in these funds follow the names in the title of the funds; street projects and other capital projects. As of December 31, 2007 and December 31, 2006, the restricted balance held in the Street Construction, Maintenance, & Repair Fund was \$40,377 and \$38,940, respectively. As of December 31, 2007 and December 31, 2006, the restricted balance held in the Other Capital Project Fund was \$10,328 and \$9,971, respectively.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.



Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. As of December 31, 2007, the Village does not have any long term debt obligations.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

As discussed above in Note 2. F, the assets of the Village that are restricted is contained in two funds: Street Construction, Maintenance, & Repair and Other Capital Project.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental funds are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**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 the Street Construction, Maintenance, & Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances that are treated as cash disbursements in the budgetary basis rather than as a reservation of fund balance in the cash basis and outstanding year end advances are treated as an other financing source or use in the budgetary basis rather than as an interfund receivable or payable in the cash basis. The General Fund encumbrances outstanding as of December 31, 2007 were zero with no other encumbrances in any of the other funds at year end. As of December 31, 2007, there was a \$6,097 surplus of revenue over the disbursements. As of December 31, 2006, the encumbrances outstanding at year end amounted to zero for the General Fund, \$12,250 for the Street Construction, Maintenance, & Repair Fund, and zero for the Other Capital Project Fund.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 4 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio or Ohio local governments;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2007 and 2006, the Village had zero in undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 4 – Deposits and Investments**(continued)

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. As of December 31, 2007 and 2006, the Village does not have any custodial credit risk.

As of December 31, 2007 and 2006, the Village had the following in the demand deposit account.

Calendar 2007		<u>Market Value</u>	
Demand Deposits	\$	75,216	
Total Portfolio		<u>\$</u>	<u>75,216</u>
Calendar 2006		<u>Market Value</u>	
Demand Deposits	\$	78,355	
Total Portfolio		<u>\$</u>	<u>78,355</u>

Investments

The Village currently does not have a written investment policy, so Council has restricted the Clerk/Treasurer to investments that are FDIC secured instruments, which are currently represented by the primary bank account, and to the STAR Ohio managed pooled investment account for all of the Village's deposits and funds.

As of December 31, 2007 and 2006, the Village had the following in the managed pooled investment account.

Calendar 2007		<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$	188,105	39 Days
Total Portfolio		<u>\$</u>	<u>188,105</u>
Calendar 2006		<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$	178,869	39 Days
Total Portfolio		<u>\$</u>	<u>178,869</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village has no investment policy that addresses interest rate risk. As a means of limiting its exposure to fair value losses caused by raising interest rates, the Village invests operating funds in primary short-term investments maturing in a relatively short period of time from the date of purchase.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 4 – Deposits and Investments**(continued)

**Investments**(continued)

The STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The Village places no limit on the amount it may invest in short term investments.

**Note 5 – Income Taxes**

As of December 31, 2007, the Village does not levy a percent income tax.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Real property taxes received in 2007 (2006) were levied after October 1, 2006 (2005), on the assessed values as of January 1, 2006 (2005), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Public utility real and tangible personal property taxes received in 2007 (2006) became a lien on December 31, 2006 (2005), were levied after October 1, 2006 (2005) and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (2006) (other than public utility property) represent the collection of 2007 (2006) taxes. Tangible personal property taxes received in 2007 (2006) were levied after October 1, 2006 (2005), on the true value as of December 31, 2006 (2005). Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 6 – Property Taxes(continued)**

The full tax rate for all Village operations for the year ended December 31, 2007 and 2006, was \$8.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property		
Residential	\$	7,446,120
Agricultural		
Public Utility Personal		39,680
Tangible Personal Property		3,730
Business		
Public Utility		
Total Assessed Value	\$	7,489,530

**Note 7 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007 and 2006, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Cincinnati Insurance	General Aggregate	\$1,000,000
	Each Occurrence	500,000
	Personal & Advertising	500,000
	Products-Comp/Oper	1,000,000
	Vehicle	500,000
Cincinnati Insurance	Umbrella	1,000,000
Darwin Select	Errors and Omissions	5,000
	Public Officials	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village does not belong to the Ohio Municipal Joint Self-Insurance Pool, the Pool, an unincorporated tax exempt non-profit organization, governed by its member municipalities because the Village does not have buildings, vehicles, or operate a business type activity of any kind. Instead, the Village purchases general insurance and an umbrella policy from one company. The Village also purchases public officials and employment practices liability insurance from another company. Finally, the Village purchases three four year public official bonds in the amount of \$10,000 each for the Council members that can sign the checks and authorized trades from the STAR Ohio account, the Mayor, President of Council, and the Clerk/Treasurer.

As of December 31, 2007 and 2006, the Village does not self insure for any kind of insurance coverage.

Village of Sugar Bush Knolls  
Portage County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.50 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Village's contribution rate for pension benefits for 2007 was 9.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 13.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 9.00 percent. The Village's contribution rate for pension benefits for 2006 was 13.70 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 16.93 percent of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$1,607, \$1,691, and \$1,641 respectively. The full amount has been contributed for 2007, 2006 and 2005. The Village has no employees that are participating in the member directed and combined plans.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,9797 in 2007 and 369,214 in 2006. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively in 2007 and \$31.3 billion and \$20.2 billion, respectively in 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

***Perry & Associates***  
**Certified Public Accountants, A.C.**

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

December 26, 2008

Village of Sugar Bush Knolls  
Portage County  
PO Box 2127  
Streetsboro, Ohio 44241

To the Mayor, Fiscal Officer, and Members of Village Council:

We have audited the financial statements of the **Village of Sugar Bush Knolls, Portage County, Ohio** (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 26, 2008, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.



Village of Sugar Bush Knolls  
Portage County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing* Page 2

**Internal Control Over Financial Reporting (Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies above are not material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note one noncompliance matter that we reported to the Township's management in a separate letter dated December 26, 2008.

This report is intended solely 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF SUGAR BUSH KNOLLS  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Significant Deficiency**

**Updating of Accounting System to Reflect Amendments to Estimates Resources and Appropriations**

The Village did not have a control procedure in place to ensure that increased and decreased certificates of estimated resources and/or appropriations as authorized by Council and approved by the County Budget Commission, were reconciled to the estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the Village implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – We did not receive a response from officials to this finding.



**Mary Taylor, CPA**  
Auditor of State

**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  
JANUARY 27, 2009**