



**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



**VILLAGE OF SHERWOOD  
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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Sherwood  
Defiance County  
P.O. Box 4545  
Sherwood, Ohio 43556-0545

To the Village Council:

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

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

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

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

As described in note 8 to the financial statements, the Village made a prior period adjustment which affected beginning fund balances in the General fund and the Enterprise fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

**Jim Petro**  
Auditor of State

August 17, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$15,313	\$31,018		\$46,331
Intergovernmental Receipts	83,536	33,496	\$189,299	306,331
Charges for Services	9,885	16,325	46,707	72,917
Fines, Licenses, and Permits	2,146			2,146
Earnings on Investments	18,392	2,883		21,275
Miscellaneous	9,925	449		10,374
	<u>139,197</u>	<u>84,171</u>	<u>236,006</u>	<u>459,374</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	29,606	22,679		52,285
Leisure Time Activities	1,207	4,227		5,434
Community Environment	17			17
Transportation		41,810		41,810
General Government	52,929			52,929
Capital Outlay	101,401	47,439	302,666	451,506
	<u>185,160</u>	<u>116,155</u>	<u>302,666</u>	<u>603,981</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(45,963)</u>	<u>(31,984)</u>	<u>(66,660)</u>	<u>(144,607)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Financing Uses	(1,584)			(1,584)
Transfers-In		11,620	25,838	37,458
Advances-In		15,000		15,000
Transfers-Out	(26,045)			(26,045)
Advances-Out	(15,000)			(15,000)
	<u>(42,629)</u>	<u>26,620</u>	<u>25,838</u>	<u>9,829</u>
Deficiency of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(88,592)	(5,364)	(40,822)	(134,778)
Fund Cash Balances, January 1	<u>207,174</u>	<u>125,427</u>	<u>61,102</u>	<u>393,703</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$118,582</u></b>	<b><u>\$120,063</u></b>	<b><u>\$20,280</u></b>	<b><u>\$258,925</u></b>
Reserves for Encumbrances, December 31	<u>\$2,707</u>	<u>\$5,388</u>		<u>\$8,095</u>

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

**VILLAGE OF SHERWOOD  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$161,078
<b>Operating Cash Disbursements:</b>	
Personal Services	38,774
Fringe Benefits	8,360
Contractual Services	20,109
Supplies and Materials	32,507
Capital Outlay	32,520
Total Operating Cash Disbursements	132,270
Operating Cash Income	28,808
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	38,381
Other Non-Operating Cash Disbursements	805
Total Non-Operating Cash Disbursements	39,186
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(10,378)
Transfers-In	12,485
Transfers-Out	(23,898)
Net Cash Disbursements Over Cash Receipts	(21,791)
Fund Cash Balances, January 1	204,682
<b>Fund Cash Balances, December 31</b>	<b>\$182,891</b>
Reserve for Encumbrances, December 31	\$2,454

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



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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$15,377	\$29,431		\$44,808
Intergovernmental Receipts	84,929	41,653	\$7,136	133,718
Charges for Services	10,895	15,911	70,151	96,957
Fines, Licenses, and Permits	3,242			3,242
Earnings on Investments	17,221	1,781		19,002
Miscellaneous	10,411	10,284		20,695
	<u>142,075</u>	<u>99,060</u>	<u>77,287</u>	<u>318,422</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	25,814	15,054		40,868
Public Health Services	1,212	4,129		5,341
Community Environment	581			581
Transportation		38,455		38,455
General Government	59,126			59,126
Capital Outlay	20,224	15,490	16,185	51,899
	<u>106,957</u>	<u>73,128</u>	<u>16,185</u>	<u>196,270</u>
Total Cash Receipts Over Cash Disbursements	<u>35,118</u>	<u>25,932</u>	<u>61,102</u>	<u>122,152</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Financing Uses	(3,843)			(3,843)
Sale of Assets		11,000		11,000
Advances-In	32,000			32,000
Advances-Out		(32,000)		(32,000)
Transfers-In		5,723		5,723
Transfers-Out	(5,258)	(5,000)		(10,258)
	<u>22,899</u>	<u>(20,277)</u>		<u>2,622</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	58,017	5,655	61,102	124,774
Fund Cash Balances January 1 As Restated	<u>149,157</u>	<u>119,772</u>		<u>268,929</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$207,174</u></b>	<b><u>\$125,427</u></b>	<b><u>\$61,102</u></b>	<b><u>\$393,703</u></b>
Reserves for Encumbrances, December 31	<u>\$8,220</u>	<u>\$1,525</u>		<u>\$9,745</u>

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

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$136,506
Miscellaneous	2,269
	138,775
Total Operating Cash Receipts	138,775
<b>Operating Cash Disbursements:</b>	
Personal Services	38,181
Fringe Benefits	7,329
Contractual Services	14,857
Supplies and Materials	30,429
Capital Outlay	92,477
	183,273
Total Operating Cash Disbursements	183,273
Operating Cash Loss	(44,498)
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	37,831
Other Non-Operating Cash Disbursements	1,210
	39,041
Total Non-Operating Cash Disbursements	39,041
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(83,539)
Transfers-In	57,302
Transfers-Out	(52,767)
	(79,004)
Net Cash Disbursements Over Cash Receipts	(79,004)
Fund Cash Balances, January 1 As Restated	283,686
<b>Fund Cash Balances, December 31</b>	<b>\$204,682</b>
Reserve for Encumbrances, December 31	\$3,575

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

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sherwood, Williams County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), police services, fire services, and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

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

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.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Issue II Fund - This fund is to account for moneys spent on behalf of the Village by the Defiance County Engineer's Office for street pavings.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$96,282	\$271,223
Certificates of deposit	104,025	100,000
Total deposits	200,307	371,223
STAR Ohio	241,509	227,162
Total investments	241,509	227,162
Total deposits and investments	\$441,816	\$598,385

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,185	\$139,197	\$1,012
Special Revenue	96,265	95,791	(474)
Capital Projects	243,197	261,844	18,647
Enterprise	220,936	173,563	(47,373)
Total	\$698,583	\$670,395	(\$28,188)

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$260,945	\$215,496	\$45,449
Special Revenue	157,055	121,543	35,512
Capital Projects	303,197	302,666	531
Enterprise	271,905	197,808	74,097
Total	<u>\$993,102</u>	<u>\$837,513</u>	<u>\$155,589</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,175	\$142,075	\$21,900
Special Revenue	104,623	115,783	11,160
Capital Projects	85,000	77,287	(7,713)
Enterprise	255,875	196,077	(59,798)
Total	<u>\$565,673</u>	<u>\$531,222</u>	<u>(\$34,451)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,385	\$124,278	\$15,107
Special Revenue	136,250	79,653	56,597
Capital Projects	85,000	16,185	68,815
Enterprise	317,909	278,656	39,253
Total	<u>\$678,544</u>	<u>\$498,772</u>	<u>\$179,772</u>

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.

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

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

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$77,784	10%
Mortgage Revenue Bonds	289,000	5%
Total	\$366,784	

The Ohio Water Development Authority (OWDA) loan relates to installation of water lines. The original loan was issued January 1, 1984 in the amount of \$123,241.53 to be repaid in semiannual installments of \$6,715.69, including interest, over 25 years. The first payment due in the year 2000 was paid in 1999.

The Mortgage Revenue Bonds relate to the installation of sewer lines. The bonds were issued February 1, 1979 in the amount of \$418,000 to be repaid in annual installments over 38 years.

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2000	\$6,716	\$25,450
2001	13,431	24,900
2002	13,431	24,350
2003	13,431	23,800
2004	13,431	25,250
Subsequent	60,441	321,250
Total	\$120,881	\$445,000

**6. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF SHERWOOD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Government Risk Management Plan Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance coverage to full-time employees through a private carrier.

**8. CHANGES IN FINANCIAL STATEMENT PRESENTATION**

The payment of water and sewer debt in Fiscal Year 1997 was incorrectly made from General Fund revenues. The debt payment should have been made from the Enterprise fund revenues. A correcting entry was made by the Clerk on the January 1, 1998 beginning fund balances in the respective funds.

	<u>General Fund Type</u>	<u>Enterprise Fund Type</u>
Fund cash balances originally stated, December 31, 1997	\$130,241	\$302,602
Prior period adjustment	<u>18,916</u>	<u>(18,916)</u>
Restated fund cash balances, January 1, 1997	<u>\$149,157</u>	<u>\$283,686</u>
Excess of receipts and other financing sources over disbursements and other financing uses originally stated, December 31, 1997	\$23,353	\$81,177
Prior period adjustment	<u>18,916</u>	<u>(18,916)</u>
Restated excess of receipts and other financing sources over (under) expenditures and other financing uses, December 31, 1996	<u>\$42,269</u>	<u>\$62,261</u>





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Village of Sherwood  
Defiance County  
P.O. Box 4545  
Sherwood, Ohio 43556-0545

To the Village Council:

We have audited the accompanying financial statements of the Village of Sherwood, Defiance County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 17, 2000 wherein we noted that the Village restated the January 1, 1998 fund balances in the General and Enterprise fund types. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30120-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 17, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 17, 2000.

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

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

**Jim Petro**  
Auditor of State

August 17, 2000

**VILLAGE OF SHERWOOD  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-30120-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- B. Amounts of less than \$1,000 for political subdivisions (other than counties), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Twenty-three percent of the transactions tested were not certified at the time the commitment was incurred. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period. Also, five then and now certificates were not specifically approved in the minutes.

We recommend the Clerk certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a "then and now" certificate.

**VILLAGE OF SHERWOOD  
DECEMBER 31, 1999 AND 1998  
SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1997-30120-001	Ohio Revised Code § 5705.41(D) improper certification of funds.	No	Not Corrected, management does not think it was practical to implement.



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF SHERWOOD**

**DEFIANCE 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**  
**SEPTEMBER 12, 2000**