



**VILLAGE OF SUGAR GROVE  
FAIRFIELD 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 SUGAR GROVE  
FAIRFIELD COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Sugar Grove  
Fairfield County  
101 Bridge Street  
Sugar Grove, Ohio 43155

To the Village Council:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 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 the finance committee, management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

July 12, 2000



**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

**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	\$92,473	\$2,703	\$0	\$95,176
Intergovernmental Receipts	28,322	21,625	80,642	130,589
Fines, Licenses, and Permits	4,049	1,060	0	5,109
Earnings on Investments	3,942	2,195	0	6,137
Miscellaneous	2,340	0	0	2,340
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	131,126	27,583	80,642	239,351
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	35,700	0	0	35,700
Public Health Services	979	0	0	979
Leisure Time Activities	0	55	0	55
Community Environment	2,726	0	0	2,726
Transportation	0	16,766	0	16,766
General Government	84,123	0	0	84,123
Capital Outlay	0	0	81,838	81,838
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	123,528	16,821	81,838	222,187
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	7,598	10,762	(1,196)	17,164
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	56,620	45,377	9,000	110,997
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$64,218</u></b>	<b><u>\$56,139</u></b>	<b><u>\$7,804</u></b>	<b><u>\$128,161</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$858</u>	<u>\$0</u>	<u>\$0</u>	<u>\$858</u>

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

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$78,698	\$0	\$78,698
Total Operating Cash Receipts	78,698	0	78,698
<b>Operating Cash Disbursements:</b>			
Personal Services	10,996	0	10,996
Fringe Benefits	1,258	0	1,258
Contractual Services	43,534	0	43,534
Supplies and Materials	12,499	0	12,499
Capital Outlay	248	0	248
Total Operating Cash Disbursements	68,535	0	68,535
Operating Income/(Loss)	10,163	0	10,163
<b>Non-Operating Cash Receipts:</b>			
Fines, Licenses and Permits	0	7,263	7,263
Total Non-Operating Cash Receipts	0	7,263	7,263
<b>Non-Operating Cash Disbursements:</b>			
Miscellaneous	0	7,248	7,248
Debt Service	4,799	0	4,799
Total Non-Operating Cash Disbursements	4,799	7,248	12,047
Net Receipts Over/(Under) Disbursements	5,364	15	5,379
Fund Cash Balances, January 1	45,966	260	46,226
<b>Fund Cash Balances, December 31</b>	<b><u>\$51,330</u></b>	<b><u>\$275</u></b>	<b><u>\$51,605</u></b>
Reserve for Encumbrances, December 31	<u>\$354</u>	<u>\$0</u>	<u>\$354</u>

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



**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

**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	\$87,294	\$3,013	\$0	\$90,307
Intergovernmental Receipts	22,187	23,803	76,360	122,350
Fines, Licenses, and Permits	1,921	510	0	2,431
Earnings on Investments	3,714	1,741	0	5,455
Miscellaneous	2,170	0	0	2,170
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	117,286	29,067	76,360	222,713
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	39,631	0	0	39,631
Public Health Services	848	0	0	848
Leisure Time Activities	0	469	0	469
Community Environment	2,150	0	0	2,150
Transportation	0	16,887	0	16,887
General Government	70,377	0	0	70,377
Capital Outlay	0	0	75,430	75,430
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	113,006	17,356	75,430	205,792
Total Cash Receipts Over/(Under) Cash Disbursements	4,280	11,711	930	16,921
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	0	9,000	9,000
Advances-In	930	0	0	930
Transfers-Out	(9,000)	0	0	(9,000)
Advances-Out	0	0	(930)	(930)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(8,070)	0	8,070	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,790)	11,711	9,000	16,921
Fund Cash Balances, January 1	60,410	33,666	0	94,076
<b>Fund Cash Balances, December 31</b>	<b><u>\$56,620</u></b>	<b><u>\$45,377</u></b>	<b><u>\$9,000</u></b>	<b><u>\$110,997</u></b>
Reserves for Encumbrances, December 31	<u>\$1,651</u>	<u>\$0</u>	<u>\$67,320</u>	<u>\$68,971</u>

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$73,315	\$0	\$73,315
Total Operating Cash Receipts	<u>73,315</u>	<u>0</u>	<u>73,315</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	10,697	0	10,697
Fringe Benefits	957	0	957
Contractual Services	37,238	0	37,238
Supplies and Materials	5,912	0	5,912
Capital Outlay	716	0	716
Total Operating Cash Disbursements	<u>55,520</u>	<u>0</u>	<u>55,520</u>
Operating Income/(Loss)	<u>17,795</u>	<u>0</u>	<u>17,795</u>
<b>Non-Operating Cash Receipts:</b>			
Fines, Licenses and Permits	0	3,169	3,169
Total Non-Operating Cash Receipts	<u>0</u>	<u>3,169</u>	<u>3,169</u>
<b>Non-Operating Cash Disbursements:</b>			
Miscellaneous	0	3,129	3,129
Debt Service	4,799	0	4,799
Total Non-Operating Cash Disbursements	<u>4,799</u>	<u>3,129</u>	<u>7,928</u>
Net Receipts Over/(Under) Disbursements	12,996	40	13,036
Fund Cash Balances, January 1	<u>32,970</u>	<u>220</u>	<u>33,190</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$45,966</u></b>	<b><u>\$260</u></b>	<b><u>\$46,226</u></b>
Reserve for Encumbrances, December 31	<u>\$1,029</u>	<u>\$0</u>	<u>\$1,029</u>

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

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sugar Grove, Fairfield County, Ohio, (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 five-member Council. The Village provides general governmental services, including water and sewer utilities, and police 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. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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 SUGAR GROVE  
FAIRFIELD COUNTY**

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

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

**C. Fund Accounting (Continued)**

**3. Capital Projects 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 projects fund:

Water Filtration Fund - This fund receives a OPWC grant money for the for the construction of a water filtration plant.

**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.

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

**5. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Agency Fund - This fund receives money collected by the Mayor's Court as fines and forfeitures.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

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

**D. Budgetary Process (Continued)**

**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 re-appropriated in the next fiscal year.

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

**F. Property, Plant and Equipment**

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

**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**

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Total demand deposits	\$ <u>179,766</u>	\$ <u>157,223</u>

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

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 103,959	\$ 131,126	\$ 27,167
Special Revenue	26,400	27,583	1,183
Capital Projects	80,642	80,642	0
Enterprise	71,000	78,698	7,698
Total	<u>\$ 282,001</u>	<u>\$ 318,049</u>	<u>\$ 36,048</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,989	\$ 124,386	\$ 26,603
Special Revenue	70,141	16,821	53,320
Capital Projects	89,642	81,838	7,804
Enterprise	103,547	73,688	29,859
Total	<u>\$ 414,319</u>	<u>\$ 296,733</u>	<u>\$ 117,586</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 99,776	\$ 117,286	\$ 17,510
Special Revenue	26,200	29,067	2,867
Capital Projects	166,002	85,360	(80,642)
Enterprise	72,000	73,315	1,315
Total	<u>\$ 363,978</u>	<u>\$ 305,028</u>	<u>\$ (58,950)</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 160,401	\$ 123,657	\$ 36,744
Special Revenue	56,946	17,356	39,590
Capital Projects	166,002	142,750	23,252
Enterprise	102,677	61,348	41,329
Total	<u>\$ 486,026</u>	<u>\$ 345,111</u>	<u>\$ 140,915</u>

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

**4. PROPERTY TAX**

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 16,638	10.16%

The Ohio Water Development Authority (OWDA) loan was used to install a 70,000 gallon per day extended aeration sewage treatment system with a lift station, upflow fixed media clarifies, chlorine contact tank, and service building. The loans will be repaid in semiannual installments of \$2,399, including interest, over 20 years.

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

Year ending December 31:	OWDA Loan
2000	\$ 2,399
2001	4,798
2002	4,798
2003	4,798
2004	4,798
Total	\$ 21,591

**VILLAGE OF SUGAR GROVE  
FAIRFIELD COUNTY**

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

**6. RETIREMENT SYSTEMS**

Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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. For 1999 and 1998, members of PERS 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.

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance 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 to full-time employees through a private carrier.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.





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

Village of Sugar Grove  
Fairfield County  
101 Bridge Street  
Sugar Grove, Ohio 43155

To the Village Council:

We have audited the accompanying financial statements of the Village of Sugar Grove, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 July 12, 2000.

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

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

**JIM PETRO**  
Auditor of State

July 12, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF SUGAR GROVE**

**FAIRFIELD 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 26, 2000**