



**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



VILLAGE OF SHERWOOD  
DEFIANCE COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Sherwood  
Defiance County  
200 North Harrison Street  
P.O. Box 4545  
Sherwood, Ohio 43556-0545

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Sherwood, Defiance County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 13 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 23, 2022

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**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Taxes	\$22,773	\$45,100		\$67,873
Municipal Income Tax	105,379			105,379
Intergovernmental	59,922	63,213	\$149,405	272,540
Charges for Services	1,020	79,682		80,702
Fines, Licenses and Permits	3,052			3,052
Earnings on Investments	1,167	89	11	1,267
Miscellaneous	55,999	8,872		64,871
<i>Total Cash Receipts</i>	<u>249,312</u>	<u>196,956</u>	<u>149,416</u>	<u>595,684</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	13,204	166,914		180,118
Public Health Services	1,940			1,940
Leisure Time Activities	2,355	14,814		17,169
Community Environment	538			538
Basic Utility Services		1,029	48,000	49,029
Transportation		33,910	37,928	71,838
General Government	164,945			164,945
Capital Outlay	9,539	12,122	21,000	42,661
Debt Service:				
Principal Retirement		9,590		9,590
Interest and Fiscal Charges		6,752		6,752
<i>Total Cash Disbursements</i>	<u>192,521</u>	<u>245,131</u>	<u>106,928</u>	<u>544,580</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,791</u>	<u>(48,175)</u>	<u>42,488</u>	<u>51,104</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets			4,040	4,040
Transfer In		15,168		15,168
Transfers Out	(17,937)			(17,937)
Other Financing Sources	49			49
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17,888)</u>	<u>15,168</u>	<u>4,040</u>	<u>1,320</u>
<i>Net Change in Fund Cash Balances</i>	38,903	(33,007)	46,528	52,424
<i>Fund Cash Balances, January 1</i>	<u>64,878</u>	<u>580,906</u>	<u>7,545</u>	<u>653,329</u>
<i>Fund Cash Balances, December 31</i>	<u>\$103,781</u>	<u>\$547,899</u>	<u>\$54,073</u>	<u>\$705,753</u>

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

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$333,871
<b>Operating Cash Disbursements</b>	
Personal Services	60,774
Employee Fringe Benefits	13,964
Contractual Services	58,348
Supplies and Materials	53,579
Other	1,698
<i>Total Operating Cash Disbursements</i>	188,363
<i>Operating Income</i>	145,508
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	2,431
Capital Outlay	(33,768)
Principal Retirement	(40,465)
Interest and Other Fiscal Charges	(369)
<i>Total Non-Operating Receipts (Disbursements)</i>	(72,171)
<i>Income Before Transfers</i>	73,337
Transfers In	2,769
<i>Net Change in Fund Cash Balances</i>	76,106
<i>Fund Cash Balances, January 1</i>	1,179,559
<i>Fund Cash Balances, December 31</i>	\$1,255,665

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

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 – REPORTING ENTITY**

The Village of Sherwood, Defiance 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. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges and park operations. The Village has paramedics, intermediate EMTs, basic medical personnel and first responders who provide emergency medical services within the Village and other areas. A volunteer fire department provides fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 9 to the financial statements provides additional information for this entity. 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**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Fire and Rescue Fund*** The Fire and Rescue Fund receives property taxes, grants, and fire contract revenue for providing fire and rescue services to residents of the Village as well as residents of Mark Township.

***Emergency Medical Services (EMS) Fund*** The EMS Fund receives payments from residents of the Village and those surrounding areas who receive emergency rescue services from Village emergency medical personnel. Grants are also a source of revenue.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**Community Development Block Grant (CDBG) Fund** The CDBG Grant Fund receives CDBG grant monies administered through the Maumee Valley Planning Organization (MVPO) on behalf of the Village. Grant monies were used for costs associated with the wastewater treatment plant improvement project.

**Defiance County Grant Fund** The Defiance County Grant Fund receives grant monies administered through the Defiance County Engineer for road improvement projects.

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

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and the Central Local School District.

**Sewer Operating Fund** The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and the Central Local School District.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Budgetary Process***

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

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 4.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$547,871
STAR Ohio	1,413,547
Total deposits and investments	\$1,961,418

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflected net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$99 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

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

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,971	\$249,361	\$25,390
Special Revenue	160,000	212,124	52,124
Capital Projects	152,259	153,456	1,197
Enterprise	309,305	339,071	29,766
Total	\$845,535	\$954,012	\$108,477

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,280	\$210,458	\$74,822
Special Revenue	735,000	245,131	489,869
Capital Projects	159,804	106,928	52,876
Enterprise	1,468,414	262,965	1,205,449
Total	\$2,648,498	\$825,482	\$1,823,016

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**NOTE 5 – TAXES**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Income tax proceeds are placed into the General Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to Hicksville Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually.

**NOTE 6 – DEBT**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan No. 3500	\$3,763	4%
Ohio Public Works Commission Loan No. CE30E	3,968	0%
Ohio Public Works Commission Loan No. CE09M	66,291	0%
Ohio Public Works Commission Loan No. CE42V	399,059	0%
Ohio Public Works Commission Loan No. CT31U	1,159,000	0%
Sherwood State Bank Loan No. 421193252	238,453	2.80%
Total	\$1,870,534	

**Ohio Water Development Authority Loan**

The Ohio Water Development Authority (OWDA) loan was issued for the installation of sewer lines. The loan for the sewer line project was approved in 2001 for a total of \$95,685 to be paid in semiannual installments of \$3,860, including interest, over 21 years. In 2016, OWDA implemented an interest rate buy-down program. The Village’s interest rate was lowered to 4 percent commencing in 2016 and the estimated savings that the Village will realize over the remaining life of the loan is \$1,784. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**Ohio Public Works Commission Loans**

The Ohio Public Works Commission (OPWC) loans related to various sewer and street improvements. OPWC Loan No. CE30E was issued for the installation of sewer lines. The loan was issued in 2001 for \$158,703 to be paid in semiannual installments of \$3,968 over 20 years. OPWC Loan No. CE09M was issued for the wastewater pump station replacement project. The loan was issued in 2010 for \$107,500 to be paid in semiannual payments of \$1,792 over 30 years. OPWC Loan No. CE42V is related to the Vine/Maple Street reconstruction project. The loan was issued in 2019 for \$427,563 to be repaid in semiannual payments of \$7,126 over 30 years. OPWC Loan No. CT31U was issued for the wastewater treatment plant improvement project for a total of \$1,220,000 to be repaid in semiannual payments of \$20,333 over 30 years.

**Sherwood State Bank Loan**

The Sherwood State Bank issued a loan in 2020 for \$250,000, with a 2.8 percent interest rate, which was used to complete the new Fire/EMS building. Monthly payments of \$1,362 will be paid for 20 years.

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

Year Ending December 31:	OPWC Loans	OWDA Loan	Fire/EMS Building Loan
2022	\$62,470	\$3,839	\$16,341
2023	58,502		16,342
2024	58,502		16,341
2025	58,502		16,342
2026	58,502		16,342
2027-2031	292,511		81,708
2032-2036	292,510		81,708
2037-2041	287,135		61,820
2042-2046	274,594		
2047-2050	185,090		
Total	\$1,628,318	\$3,839	\$306,944

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Other Village employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.



**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during the calendar year 2021.

**NOTE 9 – RISK MANAGEMENT**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays for the State Workers' Compensation System premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), this corridor is for losses paid between 60 percent and 70 percent of casualty premiums earned on the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty corridor was eliminated and the property corridor was adjusted for losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u><u>\$6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**NOTE 10 – INTERFUND TRANSFERS**

During 2021, the following transfers were made:

<b><u>Transfer from the General Fund To:</u></b>	
<b><i>Special Revenue Funds:</i></b>	
Parks and Recreation Fund	\$13,539
Fire and Rescue Fund	1,534
EMS Fund	95
<b><i>Total Special Revenue Funds</i></b>	<b><u>15,168</u></b>
<b><i>Enterprise Funds</i></b>	
Water Operating Fund	452
Sewer Operating Fund	317
Refuse Fund	2,000
<b><i>Total Enterprise Funds</i></b>	<b><u>2,769</u></b>
Total Transfers	<b><u>\$17,937</u></b>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**NOTE 11 – FUND BALANCES**

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of the Capital Projects Funds is restricted.

**NOTE 12 – MISCELLANEOUS REVENUES**

Miscellaneous receipts in the General Fund primarily consisted of payments received from insurance reimbursements, refunds, and donations.

**NOTE 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Taxes	\$19,052	\$40,866		\$59,918
Municipal Income Tax	83,248			83,248
Intergovernmental	55,459	323,040	\$41,000	419,499
Charges for Services	6,220	72,564		78,784
Fines, Licenses and Permits	8,447			8,447
Earnings on Investments	7,854	572		8,426
Miscellaneous	15,531	3,123		18,654
<i>Total Cash Receipts</i>	<u>195,811</u>	<u>440,165</u>	<u>41,000</u>	<u>676,976</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	13,734	372,215		385,949
Public Health Services	1,817			1,817
Leisure Time Activities	1,879	17,242		19,121
Community Environment	1,159			1,159
Basic Utility Services		573		573
Transportation		53,954		53,954
General Government	167,990	62,153		230,143
Capital Outlay	3,350	53,263	41,000	97,613
Debt Service:				
Principal Retirement		1,939		1,939
Interest and Fiscal Charges		785		785
<i>Total Cash Disbursements</i>	<u>189,929</u>	<u>562,124</u>	<u>41,000</u>	<u>793,053</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,882</u>	<u>(121,959)</u>		<u>(116,077)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued		250,000		250,000
Sale of Capital Assets			2,000	2,000
Transfer In		12,910		12,910
Transfers Out	(20,457)			(20,457)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,457)</u>	<u>262,910</u>	<u>2,000</u>	<u>244,453</u>
<i>Net Change in Fund Cash Balances</i>	(14,575)	140,951	2,000	128,376
<i>Fund Cash Balances, January 1</i>	<u>79,453</u>	<u>439,955</u>	<u>5,545</u>	<u>524,953</u>
<i>Fund Cash Balances, December 31</i>	<u>\$64,878</u>	<u>\$580,906</u>	<u>\$7,545</u>	<u>\$653,329</u>

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

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$311,281
<b>Operating Cash Disbursements</b>	
Personal Services	60,388
Employee Fringe Benefits	15,553
Contractual Services	220,416
Supplies and Materials	54,583
Other	894
<i>Total Operating Cash Disbursements</i>	351,834
<i>Operating Loss</i>	(40,553)
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	145,565
Miscellaneous Receipts	1,303
Capital Outlay	(8,695)
Principal Retirement	(86,209)
Interest and Other Fiscal Charges	(648)
<i>Total Non-Operating Receipts (Disbursements)</i>	51,316
<i>Income Before Transfers</i>	10,763
Transfers In	7,547
<i>Net Change in Fund Cash Balances</i>	18,310
<i>Fund Cash Balances, January 1</i>	1,161,249
<i>Fund Cash Balances, December 31</i>	\$1,179,559

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

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 – REPORTING ENTITY**

The Village of Sherwood, Defiance 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. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, and park operations. The Village has paramedics, intermediate EMTs, basic medical personnel and first responders who provide emergency medical services within the Village and other areas. A volunteer fire department provides fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 9 to the financial statements provides additional information for this entity. 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**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Coronavirus Relief Fund*** The Coronavirus Relief Fund accounts for and reports the federal CARES Act monies received by the Village.

***Fire and Rescue Fund*** The Fire and Rescue Fund receives property taxes, grants, and fire contract revenue for providing fire and rescue services to residents of the Village as well as residents of Mark Township. The Village acquired a loan from Sherwood State Bank in 2020 to complete construction of the new Fire/EMS building.

***Emergency Medical Services (EMS) Fund*** The EMS Fund receives payments from residents of the Village and those surrounding areas who receive emergency rescue services from Village emergency medical personnel. Grants are also a source of revenue.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Ohio Public Works Commission (OPWC) Water Tower Replacement Fund** The OPWC Water Tower Replacement Fund receives grant and loan proceeds from the OPWC which are spent on behalf of the Village and are restricted for costs associated with the water tower replacement project.

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

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and the Central Local School District.

**Sewer Operating Fund** The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and the Central Local School District.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

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

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$420,496
STAR Ohio	1,412,392
Total deposits and investments	\$1,832,888

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

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

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,807	\$195,811	\$22,004
Special Revenue	682,137	703,075	20,938
Capital Projects	43,000	43,000	
Enterprise	454,750	465,696	10,946
Total	\$1,353,694	\$1,407,582	\$53,888

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,000	\$210,386	\$39,614
Special Revenue	965,728	562,124	403,604
Capital Projects	43,000	41,000	2,000
Enterprise	1,595,163	447,386	1,147,777
Total	\$2,853,891	\$1,260,896	\$1,592,995



**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**NOTE 5 – TAXES**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Income tax proceeds are placed into the General Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to Hicksville Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually.

**NOTE 6 – DEBT**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan No. 3500	\$11,009	4%
Ohio Public Works Commission Loan No. CE30E	7,935	0%
Ohio Public Works Commission Loan No. CE09M	68,084	0%
Ohio Public Works Commission Loan No. CE42V	406,185	0%
Ohio Public Works Commission Loan No. CT31U	1,179,333	0%
Sherwood State Bank Loan No. 421193252	248,061	2.80%
Total	<u><u>\$1,920,607</u></u>	

**Ohio Water Development Authority Loan**

The Ohio Water Development Authority (OWDA) loan was issued for the installation of sewer lines. The loan for the sewer line project was approved in 2001 for a total of \$95,685 to be paid in semiannual installments of \$3,860, including interest, over 21 years. In 2016, OWDA implemented an interest rate buy-down program. The Village's interest rate was lowered to 4 percent commencing in 2016 and the estimated savings that the Village will realize over the remaining life of the loan is \$1,784. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**Ohio Public Works Commission Loans**

The Ohio Public Works Commission (OPWC) loans relate to various sewer and street improvements. OPWC Loan No. CE30E was issued for the installation of sewer lines. The loan was issued in 2001 for \$158,703 to be paid in semiannual installments of \$3,968 over 20 years. OPWC Loan No. CE09M was issued for the wastewater pump station replacement project. The loan was issued in 2010 for \$107,500 to be paid in semiannual payments of \$1,792 over 30 years. OPWC Loan No. CE42V is related to the Vine/Maple Street reconstruction project. The loan was issued in 2019 for \$427,563 to be repaid in semiannual payments of \$7,126 over 30 years. OPWC Loan No. CT31U was issued for the wastewater treatment plant improvement project for a total of \$1,220,000 to be repaid in semiannual payments of \$20,333 over 30 years. The Village received \$145,565 in loan proceeds in 2020.

**Sherwood State Bank Loan**

The Sherwood State Bank issued a loan in 2020 for \$250,000, with a 2.8 percent interest rate, which was used to complete the new Fire/EMS building. Monthly payments of \$1,362 will be paid for 20 years.

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

Year Ending December 31:	OPWC Loans	OWDA Loan	Fire/EMS Building Loan
2021	\$33,218	\$7,615	\$16,342
2022	62,470	3,839	16,341
2023	58,502		16,342
2024	58,502		16,341
2025	58,502		16,342
2026 - 2030	292,511		81,708
2031 - 2035	292,511		81,708
2036 - 2040	290,719		78,161
2041 - 2045	274,594		
2046 - 2049	240,008		
Total	\$1,661,537	\$11,454	\$323,285

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Other Village employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans which include medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020.

**NOTE 9 – RISK MANAGEMENT**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays for the State Workers' Compensation System premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty and 30 percent of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM's property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33 percent to 55 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM has 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

Assets	\$18,826,974
Liabilities	(13,530,267)
Members' Equity	<u>\$5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 10 – INTERFUND TRANSFERS**

During 2020, the following transfers were made:

***Transfer from the General Fund To:***

***Special Revenue Funds:***

Parks and Recreation Fund	\$11,342
Fire and Rescue Fund	768
EMS Fund	800
<b><i>Total Special Revenue Funds</i></b>	<b><u>12,910</u></b>

***Enterprise Funds***

Water Operating Fund	3,172
Sewer Operating Fund	2,375
Refuse Fund	2,000
<b><i>Total Enterprise Funds</i></b>	<b><u>7,547</u></b>

Total Transfers	<b><u>\$20,457</u></b>
-----------------	------------------------

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**NOTE 11 – FUND BALANCES**

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of the Capital Projects Funds is restricted.

**NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types.

**NOTE 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

During 2020, the Village received CARES Act funding. These amounts are reflected as general government, transportation, and security of persons and property expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**NOTE 14 – MISCELLANEOUS REVENUE**

Miscellaneous receipts in the General Fund primarily consisted of payments received from reimbursements, refunds, and donations.

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

Village of Sherwood  
Defiance County  
200 North Harrison Street  
P.O. Box 4545  
Sherwood, Ohio 43556-0545

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Sherwood, Defiance County, Ohio (the Village) and have issued our report thereon dated September 23, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 23, 2022



**VILLAGE OF SHERWOOD  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- In 2021, intergovernmental receipts were incorrectly classified as special assessments in the CDBG Grant Fund and the Defiance County Grant Fund in the amounts of \$48,000 and \$22,928, respectively.
- In 2020, loans issued in the amount of \$250,000 were incorrectly classified as sale of notes in the Fire and Rescue Fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$236 to \$14,490. In addition to the adjustments noted above, we also identified additional insignificant misstatements ranging from \$583 to \$3,850 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the finance committee, to help identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to the finding reported above.

# VILLAGE OF SHERWOOD

200 North Harrison St  
 PO Box 4545  
 Sherwood, OH 43556  
<http://www.sherwoodohio.villagegovt.org/>

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	This finding was first reported in 2008. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2021-001 in this report.	This finding reoccurred due to errors in posting of certain receipts and disbursements, including intergovernmental revenues and loans issued. The Fiscal Officer will review the errors and take them into consideration for future audits.
2019-002	This finding was first reported in 2018. Significant deficiency and noncompliance with Ohio Rev. Code § 5705.10(D) for posting intergovernmental revenue to the incorrect fund.	Corrective action taken and finding is fully corrected.	
2019-003	This finding was first reported in 2018. Ohio Rev. Code §§ 135.18(A) and 135.182 for the Village's deposits not being properly insured and collateralized as of December 31, 2018.	Corrective action taken and finding is fully corrected.	

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COUNCIL MEMBERS: Scott Rohrs - President – Jamie Vogelsong – Alex Buchhop – Robert Valle – Michael Sudholtz – James Hohenberger

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SHERWOOD**

**DEFIANCE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/6/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)