



Dave Yost • Auditor of State

VILLAGE OF SHREVE
WAYNE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Shreve
Wayne County
150 West McConkey Street
PO Box 604
Shreve, OH 44676

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Shreve, Wayne County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

The Village's fund balances per their accounting records were reconciled to the bank accounts, however, the Village had an unknown reconciling item of \$2,464 in 2016 and \$2,632 in 2015 in their reconciliation. The Village was not able to provide sufficient appropriate audit evidence to support the unknown reconciling amount; therefore, we could not gain assurance over ending fund cash balances for the General and Special Revenue Funds as of December 31, 2015 and the beginning fund cash balances as of January 1, 2016. Also, we were not able to gain assurance over ending fund cash balance for the General Fund as of December 31, 2016. Consequently, we were unable to determine whether any further adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification paragraph*, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the General and Special Revenue Funds, of the Village of Shreve, Wayne County, as of December 31, 2016 and 2015 and the cash balance of the Special Revenue Funds as of December 31, 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Unmodified Opinions

In our opinion, financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Enterprise and Agency Funds, and related notes of the Village of Shreve, Wayne County, as of December 31, 2016 and 2015, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the 2015 financial statements, the Village restated its January 1, 2015 fund balances for the General, Special Revenue, Enterprise, and Agency Funds due to the reclassification of a fund and the correction of a previous adjustment. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2018

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Village of Shreve Ohio
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 42,447	\$ -	\$ 42,447
Municipal Income Tax	266,378	-	266,378
Intergovernmental	32,843	74,685	107,528
Special Assessments	8,743	-	8,743
Charges for Services	330	-	330
Fines, Licenses and Permits	18,518	3,435	21,953
Miscellaneous	11,790	167	11,957
<i>Total Cash Receipts</i>	<u>381,049</u>	<u>78,287</u>	<u>459,336</u>
Cash Disbursements			
Current:			
Security of Persons and Property	249,826	-	249,826
Public Health Services	4,075	-	4,075
Leisure Time Activities	266	-	266
Transportation	92	40,240	40,332
General Government	81,318	-	81,318
Debt Service:			
Principal Retirement	11,525	-	11,525
Interest and Fiscal Charges	668	-	668
<i>Total Cash Disbursements</i>	<u>347,770</u>	<u>40,240</u>	<u>388,010</u>
<i>Excess of Receipts Over Disbursements</i>	<u>33,279</u>	<u>38,047</u>	<u>71,326</u>
Other Financing Disbursements			
Other Financing Uses	(2,134)	-	(2,134)
<i>Total Other Financing Disbursements</i>	<u>(2,134)</u>	<u>-</u>	<u>(2,134)</u>
<i>Net Change in Fund Cash Balances</i>	31,145	38,047	69,192
<i>Fund Cash Balances, January 1</i>	<u>(7,473)</u>	<u>22,443</u>	<u>14,970</u>
Fund Cash Balances, December 31			
Restricted	-	63,823	63,823
Unassigned (Deficit)	23,672	(3,333)	20,339
<i>Fund Cash Balances, December 31</i>	<u>\$ 23,672</u>	<u>\$ 60,490</u>	<u>\$ 84,162</u>

See accompanying notes to the basic financial statements

Village of Shreve Ohio
Wayne County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 571,569	\$ -	\$ 571,569
<i>Total Operating Cash Receipts</i>	<u>571,569</u>	<u>-</u>	<u>571,569</u>
Operating Cash Disbursements			
Personal Services	183,473	-	183,473
Transportation	215,582	-	215,582
Contractual Services	34,176	-	34,176
Capital Outlay	167,486	-	167,486
<i>Total Operating Cash Disbursements</i>	<u>600,717</u>	<u>-</u>	<u>600,717</u>
<i>Operating Loss</i>	<u>(29,148)</u>	<u>-</u>	<u>(29,148)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	121,548	-	121,548
Redemption of Principal	(10,842)	-	(10,842)
Fines and Forfeitures	-	24,805	24,805
Distribution of Fines	-	(35,763)	(35,763)
Other Financing Sources	2,000	-	2,000
Other Financing Uses	(2,966)	-	(2,966)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>109,740</u>	<u>(10,958)</u>	<u>98,782</u>
<i>Net Change in Fund Cash Balances</i>	80,592	(10,958)	69,634
<i>Fund Cash Balances, January 1</i>	<u>388,535</u>	<u>12,057</u>	<u>400,592</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 469,127</u>	<u>\$ 1,099</u>	<u>\$ 470,226</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shreve, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, maintenance of Village streets, and police services.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. 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.

B. Accounting Basis

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.

C. Deposits

The Village had no investments.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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 SHREVE
WAYNE COUNTY

DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following agency fund:

Mayor's Court Fund – This fund receives fines and fees for Mayor's Court. Receipts are used to cover the court costs and computer fees.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. 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 2016 budgetary activity appears in Note 3.

VILLAGE OF SHREVE
WAYNE COUNTY

DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. **Nonspendable**

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

2. **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.

3. **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.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **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.

G. **Property, Plant, and Equipment**

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)**

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	\$556,851

Deposits: Deposits are partially insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$396,820	\$381,049	(\$15,771)
Special Revenue	91,109	78,287	(12,822)
Enterprise	747,377	695,117	(52,260)
Total	\$1,235,306	\$1,154,453	(\$80,853)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$370,243	\$349,904	\$20,339
Special Revenue	110,500	40,240	70,260
Enterprise	745,462	614,525	130,937
Total	\$1,226,205	\$1,004,669	\$221,536

4. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% 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.

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)**

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Bank	\$11,857	3%
OPWC – Phase I	130,738	0%
OPWC – Phase II	162,000	0%

The bank loan for the 2015 Ford Interceptor (SUV) was issued on December 31, 2014 for \$34,990. It has an interest rate of 2.85% and will mature on August 1, 2017.

The OPWC loans, Phase I and II, were issued for South Street improvements on July 1, 2013 for \$145,264 and \$180,000, respectively, both with 0% interest and maturing January 1, 2044.

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

Year ending December 31:	<u>Farmers Bank</u>	<u>OPWC Phase I</u>	<u>OPWC Phase II</u>	<u>Total</u>
2017	\$12,192	\$4,842	\$6,000	\$23,034
2018		4,842	6,000	10,842
2019		4,842	6,000	10,842
2020		4,842	6,000	10,842
2021		4,842	6,000	10,842
2022-2026		24,210	30,000	54,210
2027-2031		24,210	30,000	54,210
2032-2036		24,210	30,000	54,210
2037-2041		24,210	30,000	54,210
2042-2046		9,688	12,000	21,688
Total	<u>\$12,192</u>	<u>\$130,738</u>	<u>\$162,000</u>	<u>\$283,242</u>

7. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

The Village's 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. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages respectively. The Village has paid all contributions required through December 31, 2016.

VILLAGE OF SHREVE
WAYNE COUNTY

DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drugs coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium requirements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. RISK MANAGEMENT

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016:

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2016
NOTES TO FINANCIAL STATEMENT
(Continued)**

10. HEALTH INSURANCE

The Village provides health insurance to all employees through Wayne County (County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

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Village of Shreve Ohio
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 39,558	\$ -	\$ 39,558
Municipal Income Tax	256,126	-	256,126
Intergovernmental	34,363	68,384	102,747
Special Assessments	9,186	-	9,186
Charges for Services	480	-	480
Fines, Licenses and Permits	22,617	-	22,617
Miscellaneous	14,757	2,271	17,028
<i>Total Cash Receipts</i>	<u>377,087</u>	<u>70,655</u>	<u>447,742</u>
Cash Disbursements			
Current:			
Security of Persons and Property	248,573	-	248,573
Public Health Services	2,185	-	2,185
Transportation	2,093	90,806	92,899
General Government	106,398	-	106,398
Capital Outlay	-	14,227	14,227
Debt Service:			
Principal Retirement	11,611	-	11,611
Interest and Fiscal Charges	582	-	582
<i>Total Cash Disbursements</i>	<u>371,442</u>	<u>105,033</u>	<u>476,475</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,645</u>	<u>(34,378)</u>	<u>(28,733)</u>
Other Financing Disbursements			
Other Financing Uses	(12,558)	-	(12,558)
<i>Total Other Financing Disbursements</i>	<u>(12,558)</u>	<u>-</u>	<u>(12,558)</u>
<i>Net Change in Fund Cash Balances</i>	(6,913)	(34,378)	(41,291)
<i>Fund Cash Balances, January 1 (restated)</i>	<u>(560)</u>	<u>56,821</u>	<u>56,261</u>
Fund Cash Balances, December 31			
Restricted	-	36,670	36,670
Unassigned (Deficit)	(7,473)	(14,227)	(21,700)
<i>Fund Cash Balances, December 31</i>	<u>\$ (7,473)</u>	<u>\$ 22,443</u>	<u>\$ 14,970</u>

See accompanying notes to the basic financial statements

Village of Shreve Ohio
Wayne County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2015*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 537,767	\$ -	\$ 537,767
<i>Total Operating Cash Receipts</i>	<u>537,767</u>	<u>-</u>	<u>537,767</u>
Operating Cash Disbursements			
Personal Services	211,676	-	211,676
Contractual Services	217,772	-	217,772
Supplies and Materials	35,186	-	35,186
Capital Outlay	12,787	-	12,787
<i>Total Operating Cash Disbursements</i>	<u>477,421</u>	<u>-</u>	<u>477,421</u>
<i>Operating Income</i>	<u>60,346</u>	<u>-</u>	<u>60,346</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	10,933	-	10,933
Redemption of Principal	(10,842)	-	(10,842)
Fines and Fofeitures	-	42,696	42,696
Distribution of Fines	-	(36,609)	(36,609)
Other Financing Sources	2,600	-	2,600
Other Financing Uses	(817)	-	(817)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,874</u>	<u>6,087</u>	<u>7,961</u>
<i>Net Change in Fund Cash Balances</i>	62,220	6,087	68,307
<i>Fund Cash Balances, January 1 (restated)</i>	<u>326,315</u>	<u>5,970</u>	<u>332,285</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 388,535</u>	<u>\$ 12,057</u>	<u>\$ 400,592</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shreve, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, maintenance of Village streets, and police services.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 10 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

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.

C. Deposits

The Village had no investments.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

VILLAGE OF SHREVE
WAYNE COUNTY

DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

3. 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 Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following agency fund:

Mayors Court Fund – This fund receives fines and fees for Mayor's Court. Receipts are used to cover the court costs and computer fees.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

VILLAGE OF SHREVE
WAYNE COUNTY

DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. 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 2015 budgetary activity appears in Note 4.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. 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.

G. Property, Plant, and Equipment

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

2. RESTATEMENT OF FUND BALANCES

The Village restated its January 1, 2015, fund balance for the General Fund, Special Revenue Funds, Enterprise Funds, and Agency Funds due to the reclassification of a fund and the correction of a previous adjustment. This had the following effect on fund balance previously reported:

	Fund Balance at December 31, 2014	Restated Fund Balance at January 1, 2015
General	\$ 7,039	\$ (560)
Special Revenue	57,499	56,821
Enterprise	320,272	326,315
Agency	17,634	5,970
Total Fund Balance	\$ 402,444	\$ 388,546

3. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2015
Demand deposits	\$ 418,195

Deposits: Deposits are partially insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 381,043	\$ 377,087	\$ (3,956)
Special Revenue	75,599	70,655	(4,944)
Enterprise	631,000	551,300	(79,700)
Total	\$ 1,087,642	\$ 999,042	\$ (88,600)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 370,002	\$ 384,000	\$ (13,998)
Special Revenue	581,133	105,033	476,100
Enterprise	594,600	489,080	105,520
Total	\$ 1,545,735	\$ 978,113	\$ 567,622

5. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% 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.

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

7. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Farmers Bank	\$23,379	3%
OPWC – Phase I	135,580	0%
OPWC – Phase II	168,000	0%

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)**

7. DEBT (Continued)

The bank loan for the 2015 Ford Interceptor (SUV) was issued on December 31, 2014 for \$34,990. It has an interest rate of 2.85% and will mature on August 1, 2017

The OPWC loans, Phase I and II, were issued for South Street improvements on July 1, 2013 for \$145,264 and \$180,000, respectively, both with 0% interest and maturing January 1, 2044.

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

Year ending December 31:	Farmers Bank	OPWC Phase I	OPWC Phase II	Total
2016	\$ 12,192	\$ 4,842	\$ 6,000	\$ 23,034
2017	12,192	4,842	6,000	23,034
2018	-	4,842	6,000	10,842
2019	-	4,842	6,000	10,842
2020	-	4,842	6,000	10,842
2021-2025	-	24,210	30,000	54,210
2026-2030	-	24,210	30,000	54,210
2031-2035	-	24,210	30,000	54,210
2036-2040	-	24,210	30,000	54,210
2041-2045	-	19,372	24,000	43,372
Total	<u>\$ 24,384</u>	<u>\$ 135,580</u>	<u>\$ 168,000</u>	<u>\$ 315,772</u>

8. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

The Village's 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. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. From January 1, 2015 to June 30, 2015 and from July 1, 2015 to December 31, 2015, OP&F participants contributed 11.5% and 12.25% of their wages, respectively. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

VILLAGE OF SHREVE
WAYNE COUNTY

DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. OP&F contributes 0.5 percent to fund these benefits.

10. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members’ Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENT
(Continued)**

11. HEALTH INSURANCE

The Village provides health insurance to all employees through Wayne County (County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk Transfers to the County.



Dave Yost • Auditor of State

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

Village of Shreve
Wayne County
150 West McConkey Street
PO Box 604
Shreve, OH 44676

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Shreve, Wayne County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 24, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, the Village restated its January 1, 2015 fund balances for the General, Special Revenue, Enterprise, and Agency Funds due to the reclassification of a fund and the correction of a previous adjustment, and we qualified our opinion over ending fund cash balances for the General and Special Revenue Funds as of December 31, 2015 and beginning cash balances as of January 1, 2016, and the ending fund cash balance for the General Fund as of December 31, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 through 2016-006 to be material weaknesses.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275
www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-002, 2016-004 and 2016-006.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2018

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Bank Reconciliations – Material Weakness

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliations identify the differences between the bank statement's balances and the cash and investment balances according to the Village's accounting records at a specific point in time.

Bank reconciliations were not completed by the Village from January 1, 2015 through September 30, 2015, and the Village hired an independent consultant to help reconcile the Village. As of December 31, 2016 and 2015, the Village had unknown variances in which bank balances exceeded fund balances of \$2,464 and \$2,632, respectively. This resulted in inaccurate financial statements, as the statements do not reflect the actual funds available to the Village. In addition, without complete and accurate monthly bank reconciliations, the Village's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities.

The Village should perform complete monthly bank reconciliations of all bank accounts, including the Mayor's Court account, in a timely manner. Also, copies of the monthly bank reconciliations and listing of outstanding checks and other reconciling items should be provided to the Council or Finance Committee each month for review. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

Officials' Response: This was an issue from the previous clerk carried through 2016 to current. During 2016, each month was reconciled. Bank statements and reconciliations were reviewed and signed by Council each month.

FINDING NUMBER 2016-002

Unsupported Expenditures – Finding for Recovery – Noncompliance and Material Weakness

Ohio Rev. Code § 149.351 states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under rules adopted by the records commission provided under sections 149.38 to 149.42 of the Revised Code.

During the period January 1, 2015 to December 31, 2015, the Village wrote three checks made out to cash to replenish the Village's petty cash account, which totaled \$801. Only \$574 of the \$801 had supporting documentation, \$541 of which was determined reasonable. The remaining \$260 had no supporting documentation maintained to support the expenses made from the petty cash account.

Also during the period, the Village maintained a credit card account which incurred late fees and interest penalties for multiple months. The Village paid \$57 in late charges and interest over the audit period.

Without appropriate supporting documentation it is not possible to determine if the expenditures were for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the finances of the Village, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-002 (Continued)

**Unsupported Expenditures – Finding for Recovery – Noncompliance and Material Weakness
(Continued)**

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds, or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount for such expenditure.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the Former Fiscal Officer, Jamie Greigor, and her bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the amount of \$260 for checks written to cash, and \$57 for late charges and interest, totaling \$317, and in favor of the Village's General Fund.

We recommend Village Council establish policies and procedures over the petty cash account. The policy should include but not be limited to, established petty cash limits, pre-approval requirements, the types of purchases that may be made and receipt documentation requirements.

We also recommend Village Council establish policies and procedures to ensure credit card statements are paid in a timely manner to ensure late fees and penalties do not occur.

Officials' Response: This was an issue from the previous clerk. The Village no longer has any type of petty cash in the office.

FINDING NUMBER 2016-003

Mayor's Court Agency Fund – Material Weakness

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.

In 2015, the Village did not accurately record the activity for the Mayor's Court on the Village's accounting records or financial statements. The Mayor's Court records are kept separate from the Village's books, and each month a check is written to the Village for its portion of the fines and fees and the State is paid for its portion of the fines and fees. Because the records are maintained separately and the Village did not have controls in place to ensure all of the Mayor's account activity is accurately reported on the Village's accounting records or financial statements, the Village's financial statements were misstated.

For 2015, receipts and disbursements were overstated by \$6,225 and \$1,758, respectively. The Village adjusted the agency fund's financial statements to accurately reflect the Mayor's Court activity.

Failure to accurately record the activity for Mayor's Court on the Village's accounting records could lead to the Village general fund not receiving the proper amount of fines collected as well as incorrect portions getting remitted to the State and other agencies.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-003 (Continued)

Mayor's Court Agency Fund – Material Weakness (Continued)

The fines and costs should be originally recorded in an Agency Fund, and then only the portion of fines and costs due to the Village should be recorded as a receipt in the General Fund to clearly account for the portion of court receipts that legally belong to the Village. The fines and costs due to the state should also be paid from this Agency Fund. This will allow for the entire activity of the Village to be included on the Village's accounting records, and for Council to review the activity, and will help ensure more accurate financial statements.

Officials' Response: These errors have been corrected and the mayor's court account is reconciled each month. Payments and reports are reviewed and signed by Council.

FINDING NUMBER 2016-004

Fund Balance Adjustments – Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) indicates all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2015, the Village posted a \$12,193 debt payment for a police vehicle in the Capital Improvement Fund rather than being allocated to the General Fund. This resulted in the General Fund's disbursements being understated by \$12,193 and the Capital Improvement Fund's disbursements being overstated by \$12,193.

Making disbursements from funds that should not incur those disbursements could lead to disbursements in excess of appropriations or negative fund balances.

This amount was adjusted to the Village's accounting system and financial statements.

The Village should exercise due care when posting disbursements to ensure disbursements are posted to the correct funds. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

Officials' Response: The current fiscal officer has spoken to the Auditors several times regarding this transaction. Auditors advised the Fiscal Officer to make adjustments after the audit is complete.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-005

Financial Statement Presentation – Material Weakness

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 Village did not always accurately post receipts to the Village's accounting system and financial statements. Mispostings identified included, but were not limited, to the following:

- In 2016 and 2015, \$78,706 and \$71,663, respectively, of charges for services were posted to miscellaneous revenue in the Enterprise Funds.
- In 2016 and 2015, \$10,842 and \$5,421, respectively, of debt principal payments were posted to capital outlay in the Enterprise Funds.
- In 2016, \$116,347 of intergovernmental receipts were posted to miscellaneous receipts in the Enterprise Funds.
- In 2016 and 2015, the Ohio Public Works Commission Grant was presented as a Capital Projects Fund instead of an Enterprise Fund. In 2016, the Village overstated intergovernmental receipts by \$5,201 in the Capital Projects Funds and understated intergovernmental receipts by \$5,201 in the Enterprise Funds. In 2015, the Village overstated intergovernmental receipts by \$10,933 and capital outlay expenditures by \$15,536 in the Capital Projects Funds and understated intergovernmental receipts by \$10,933 and capital outlay expenditures by \$15,536 in the Enterprise Funds. The result of these adjustments and the adjustment noted in finding number 2016-004 was a fund balance of \$0 in the Capital Projects Fund at the end of 2016 and 2015.

These amounts were adjusted to the Village's accounting system and financial statements.

Not posting receipts and disbursements accurately to the ledgers could result in the financial statements requiring audit reclassifications; furthermore, inaccurate accounting records could make it difficult for the Village Council to effectively monitor the Village's activities or identify misstatements or errors in a timely manner.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

Officials' Response: Moving forward we will be more diligent in posting receipts and disbursements accurately to the accounting system.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-006

Income Tax – Noncompliance and Material Weakness

Village of Shreve Ordinance 10-70, Article II-2 (a) indicates an annual tax for the purposes specified in Article I hereof shall be imposed on and after January 1, 1971, at the rate of one percent per annum upon the following:

- (1) On all salaries, wages, commissions and other compensation earned on and after January 1, 1971, by residents of the Village;
- (2) On all salaries, wages, commissions and other compensation earned on and after January 1, 1971, by nonresidents for work done or services performed or rendered in the Village.

Village of Shreve Ordinance 10-70, Article IV-1 (a) indicates each employer within the Village, subject to exemptions set forth in division (A) of Section 718.03 of the Ohio Revised Code, who employs within the Village one or more persons on a salary, wage, commission or other compensation basis, excluding exempted incomes set forth in Article II-2 shall deduct, at the time of the payment of such salary, wage, commission or other compensation, the tax of one percent of the following items:

- Salaries, wages, commissions or other compensation due by the employer to the employee.
- Tips and gratuities received in the course of employment for the employer.

The employer shall, on or before the last day of the month following the close of the calendar quarter make a return and pay to the Village Clerk the amount of taxes so deducted, subject to the provisions of subsections (c) and (e) hereof.

Village of Shreve Ordinance 10-70, Article IV-1 (h) indicates such employer, on or before the last day of February of each year, shall be required to file a return to reconcile Shreve taxes withheld from employees to payments remitted of such tax withheld for the previous calendar year.

Village of Shreve Ordinance 10-70, Section 7 (a) indicates except as provided in subsection (c) hereof, all taxes imposed and all moneys withheld, or required to be withheld, by employers under the provisions of this chapter and remaining unpaid after they have become due shall bear interest, in addition to the amount of the unpaid tax or withholdings at the rate of one-half of one percent per month or fraction thereof. **Section 7 (b)** indicates in addition to interest as provided in subsection (a) hereof, penalties based on the unpaid tax or failure to file a return, provide required written notification or information in a timely manner are hereby imposed as follows:

- (1) For failure to pay taxes due, other than taxes withheld: one percent per month or fraction thereof.

Village of Shreve Ordinance 10-70, Article II-4 (f) indicates the Village Clerk shall prescribe the form and method of accounts and reports for such department, as well as the forms for taxpayers' returns and declarations and shall be charged with the internal examination and audit all such accounts, and shall exhibit accurate records showing the amount received from each taxpayer, and the date of such receipt.

The following issues were noted during income tax testing:

- During 2016 and 2015, the Village did not perform any procedures to verify residents within the Village filed income tax returns or employers within the Village limits deducted and remitted income tax amounts to the Village as required by the Village's Income Tax Ordinance Article II-2(a) and Article IV-1(a).

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-006 (Continued)

Income Tax – Noncompliance and Material Weakness (Continued)

- During 2016 and 2015, three of seventeen individual returns tested and one of fourteen individual returns tested, respectively, did not have an employer submitted reconciliation to reconcile the taxes withheld from employees to payments remitted to the Village as required by the Village's Income Tax Ordinance Article IV-1(h). For the employers that had submitted reconciliations, there was no documentation to indicate the Village reviewed the reconciliations or that the Village compared the employees' submitted W-2 to the employer reconciliation.
- During 2016 and 2015, four of thirty-nine income tax returns and one of thirty-five income tax returns tested, respectively, were filed late, but no penalties or interest were noted, nor was there any documentation as to why the penalties and interest were waived as required by the Village's Income Tax Ordinance Section 7(a).
- During 2016 and 2015, the Village did not document that an internal examination and audit of the income tax returns had been completed, and they did not time stamp or document in any other way the date of the income tax receipts as required by the Village's Income Tax Ordinance Article II-4(f).

Failing to follow the Village's Income Tax Ordinance could cause the Village to not collect all income tax receipts, penalties and interest that are due to them.

We recommend the Village properly follow Ordinance 10-70, establishing procedures to ensure all individuals and businesses are filing income tax returns and paying income taxes, to ensure all businesses file the appropriate supporting documentation for their income tax payments, to ensure penalties and interest are appropriately administered or, in the case of waivers, appropriately document why the penalties and interest are waived, and to ensure the income tax returns are appropriately reviewed and time stamped or documented in some way as to the date of the receipt of the income tax. This will help ensure the Village is collecting all of the income tax required under the Village's Income Tax Ordinance and will help ensure accurate financial information for the Village.

Officials' Response: As of January 1, 2018, the Village has contracted with Central Collection Agency to collect income tax for the Village.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001 2012-006	Material Weakness - Bank Reconciliations (First issued in 2012)	Not Corrected	Repeated as Finding 2016-001
2014-002 2012-005	Material Weakness - Mayor's Court Agency Fund (First issued in 2008)	Not Corrected	Repeated as Finding 2016-003
2014-003 2012-001	Ohio Rev. Code § 733.40 - Mayor's Court Fine Distribution (First issued in 2012)	Corrective Action Taken and Finding is Fully Corrected	
2014-004 2012-002	Ohio Rev. Code § 5705.42 - Ohio Public Works Commission Grants (First issued in 2012)	Corrective Action Taken and Finding is Fully Corrected	
2014-005 2012-004	Ohio Rev. Code § 5705.10(D) – Fund Balance Adjustments (First issued in 2006)	Not Corrected	Repeated as Finding 2016-004
2014-006	Finding for Recovery – Unsupported Expenditures	Not Corrected	Repeated a similar finding as Finding 2016-002
2014-007 2012-003	Ohio Rev. Code § 5705.41(D) – Purchase Certification (First issued in 2012)	Partially corrected	Repeated in the letter to management
2014-008	Material Weakness – Council Review of Financial Reports	Partially corrected	Repeated in the letter to management

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Dave Yost • Auditor of State

VILLAGE OF SHREVE

WAYNE 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
JULY 19, 2018