

**Village of Shreve**  
Wayne County, Ohio

**Single Audit**

For the Year Ended December 31, 2002





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Shreve  
150 West McConkey St.  
Shreve, OH 44676

We have reviewed the Independent Auditor's Report of the Village of Shreve, Wayne County, prepared by Knox & Knox, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Shreve is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 21, 2003

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VILLAGE OF SHREVE  
WAYNE COUNTY, OHIO

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# KNOX & KNOX

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Accountants and Consultants

## **Report of Independent Accountants**

Shreve Village Council  
Village of Shreve  
Wayne County  
150 West McConkey Street  
Shreve, Ohio 44676

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Shreve, Wayne County, Ohio, (the Village) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the accompanying financial statements of the Village taken as a whole. The Schedule of Federal Awards Expenditures is presented for additional analysis as required by *U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the accompanying financial statements. We subjected this information to the auditing procedures applied in the audit of the accompanying financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

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

Knox & Knox

Orrville, Ohio  
June 30, 2003

VILLAGE OF SHREVE  
WAYNE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH  
BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Fiduciary	Total
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Cash Receipts:</b>					
Local Taxes	\$ 45,221	\$ -0-	\$ -0-	\$ 253,758	\$ 298,979
Intergovernmental	71,630	51,542	321,276	-0-	444,448
Charges For Services	36,453	-0-	-0-	-0-	36,453
Fines, License and Permits	9,684	154	-0-	-0-	9,838
Miscellaneous	<u>71,636</u>	<u>138</u>	<u>-0-</u>	<u>-0-</u>	<u>71,774</u>
<b>Total Cash Receipts</b>	<b>234,624</b>	<b>51,834</b>	<b>321,276</b>	<b>253,758</b>	<b>861,492</b>
<b>Cash Disbursements:</b>					
Security of Persons and Property	284,072	-0-	-0-	-0-	284,072
Public Health Services	4,742	-0-	-0-	-0-	4,742
Leisure Time Activities	11,899	-0-	-0-	-0-	11,899
Transportation	-0-	91,446	-0-	-0-	91,446
Community Environment	-0-	-0-	-0-	-0-	-0-
General Government	116,933	-0-	-0-	84,412	201,345
Capital Outlay	<u>40,477</u>	<u>29,225</u>	<u>445,480</u>	<u>-0-</u>	<u>515,182</u>
<b>Total Cash Disbursements</b>	<b><u>458,123</u></b>	<b><u>120,671</u></b>	<b><u>445,480</u></b>	<b><u>84,412</u></b>	<b><u>1,108,686</u></b>
<b>Total Cash Receipts Over/(Under)</b>					
Cash Disbursements	< 223,499 >	< 68,837 >	< 124,204 >	169,346	< 247,194 >
<b>Other Financing Receipts/ Disbursements:</b>					
Transfers-In	59,767	37,595	37,646	-0-	135,008
Transfers-Out	-0-	-0-	-0-	< 135,008 >	< 135,008 >
Other Sources	-0-	-0-	6,456	-0-	6,456
Other Uses	<u>&lt; 450 &gt;</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>&lt; 450 &gt;</u>
<b>Total Other Financing Receipts/Disbursements:</b>	<b><u>59,317</u></b>	<b><u>37,595</u></b>	<b><u>44,102</u></b>	<b><u>&lt; 135,008 &gt;</u></b>	<b><u>6,006</u></b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>					
	<u>&lt; 164,182 &gt;</u>	<u>&lt; 31,242 &gt;</u>	<u>&lt; 80,102 &gt;</u>	34,338	< 241,188 >
Fund Cash Balances, 1/1/02	<u>188,484</u>	<u>62,361</u>	<u>139,772</u>	<u>178,231</u>	<u>568,848</u>
Fund Cash Balances, 12/31/02	<u>\$ 24,302</u>	<u>\$ 31,119</u>	<u>\$ 59,670</u>	<u>\$ 212,569</u>	<u>\$ 327,660</u>
Reserve for Encumbrances, 12/31/02	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

VILLAGE OF SHREVE  
WAYNE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$380,717	\$ -0-	\$ 380,717
Fines	<u>-0-</u>	<u>15,209</u>	<u>15,209</u>
Total Operating Cash Receipts	380,717	15,209	395,926
 Operating Cash Disbursements:			
Personal Services	105,997	-0-	105,997
Contractual Services	84,534	-0-	84,534
Supplies and Materials	38,697	-0-	38,697
Capital Outlay	2,834	-0-	2,834
Miscellaneous	<u>143</u>	<u>15,209</u>	<u>15,352</u>
Total Operating Cash Disbursements	<u>232,205</u>	<u>15,209</u>	<u>247,414</u>
Operating Income/(Loss)	148,512	-0-	148,512
 Non-operating Cash Receipts:			
Other Non-Operating Receipts	<u>3,957</u>	<u>-0-</u>	<u>3,957</u>
Total Non-Operating Cash Receipts	3,957	-0-	3,957
 Non-Operating Cash Disbursements:			
Debt Service	142,109	-0-	142,109
Other Non-Operating Expenses	<u>18,106</u>	<u>-0-</u>	<u>18,106</u>
Total Non-Operating Cash Disbursements	<u>160,215</u>	<u>-0-</u>	<u>160,215</u>
Excess of Non-Operating Receipts Over(under)Non-Operating Disbursements	< 156,258>	-0-	< 156,258>
 Net Receipts Over/(Under) Disbursements	< 7,746>	-0-	< 7,746>
 Fund Cash Balances, 1/1/02	<u>418,324</u>	<u>-0-</u>	<u>418,324</u>
Fund Cash Balances, 12/31/02	<u>\$410,578</u>	<u>\$ -0-</u>	<u>\$ 410,578</u>
Reserve for Encumbrances, 12/31/02	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Shreve, Wayne County, (The Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Capital Projects Funds

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

Capital Improvement Fund - This fund receives a portion of income tax revenue to pay for capital improvements of the Village.

Enterprise Fund

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

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

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

Sewer Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to pay for improvements to the waste water treatment system. Utility surcharges used to pay this debt are also accounted for in this fund.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Income Tax Fund - This fund is used to record the collection of self-assessed taxes, the cost of collecting such tax, and the distribution to various other funds in accordance with Village ordinances.

Mayor's Court Fund - This fund is used to record the collection of fines and the distribution of those funds to the various agencies as outlined in the Ohio Revised Code.

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (Continued)

E. 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, function or major object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2002 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>2002</u>
Dem and deposit	\$ 117,724
Certificates of deposit	<u>620,514</u>
Total Deposits	<u>\$ 738,238</u>

Deposits:

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

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2002:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 364,090	\$ 294,391	<\$ 69,699>
Special Revenue	90,886	89,429	< 1,457>
Capital Projects	411,000	365,378	< 45,622>
Enterprise	412,200	384,674	< 27,526>
Fiduciary	<u>235,209</u>	<u>268,967</u>	<u>33,758</u>
Total	<u>\$1,513,385</u>	<u>\$1,402,839</u>	<u>&lt;\$ 110,546&gt;</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 548,035	\$ 458,573	\$ 89,462
Special Revenue	139,167	120,671	18,496
Capital Projects	468,890	445,480	23,410
Enterprise	589,219	392,420	196,799
Fiduciary	<u>235,209</u>	<u>234,629</u>	<u>580</u>
Total	<u>\$1,980,520</u>	<u>\$ 1,651,773</u>	<u>\$ 328,747</u>

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

4. Property Tax

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

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

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

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

5. 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 quarterly. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 310,379	7.89%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has initially provided a loan of \$1,224,592 to the Village for this project. The loan will be repaid in semiannual installments of \$ 71,054, including interest, over 15 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

<u>Year ending</u> <u>December 31:</u>	<u>OWDA</u> <u>Loans</u>
2003	\$142,109
2004	142,109
2005	142,109
Subsequent	-0-
Total	<u>\$ 426,327</u>

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

7. Retirement Systems

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

8. Risk Management

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Crime
- Property (buildings and contents)
- Law enforcement
- Inland marine

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

9. Contingent Liabilities

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

VILLAGE OF SHREVE  
WAYNE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES FOR THE  
YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/Pass Through Granter Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<u>U.S. Department of Transportation</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Transportation Enhancement	23489	20.205	\$ <u>317,211</u>
Total U.S. Department of Transportation			\$ <u>317,211</u>

The accompanying notes to this schedule are an integral part of this schedule.

VILLAGE OF SHREVE  
WAYNE COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE A –SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

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

Shreve Village Council  
Village of Shreve  
Wayne County  
150 West McConkey Street.  
Shreve, Ohio 44676

To the Members of Village Council:

We have audited the financial statements of the Village of Shreve, Wayne County, Ohio (the Village), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village, in a separate letter dated June 30, 2003.

Village of Shreve  
Wayne County  
Report of Independent Accountants on Compliance and Internal  
Control Required by *Government Auditing Standards*  
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This report is intended for the information of the audit committee, management, and the Village Council, and should not be used by anyone other than these specified parties.

KNOX & KNOX

Orrville, Ohio  
June 30, 2003

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Shreve Village Council  
Village of Shreve  
Wayne County  
150 West McConkey Street  
Shreve, OH 44676

To the Members of Village Council:

**Compliance**

We have audited the compliance of the Village of Shreve, Wayne County, Ohio (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulation, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of Shreve  
Wayne County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to the Major Federal Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio  
June 30, 2003

THE VILLAGE OF SHREVE  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 Sect.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sect. 510?	No
(d)(1)(vii)	Major programs (list):	Trans.Enhance., CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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NONE

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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NONE

VILLAGE OF SHREVE  
WAYNE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><i>Explain:</i></b>
2001-30985-001	Ohio Revised Code Section 5705.39 requires that appropriations not exceed estimated resources.	Fully corrected in 2002	



**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
AUGUST 12, 2003**