



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, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

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, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Shreve, Wayne County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 financial statements, the January 1, 2013 fund balances have been restated due to various understatements and overstatements. 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 February 3, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

February 3, 2016

**VILLAGE OF SHREVE
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 36,768	\$ -	\$ 36,768
Municipal Income Tax	257,074	-	257,074
Intergovernmental	32,644	67,634	100,278
Special Assessments	8,794	287	9,081
Charges for Services	647	-	647
Fines, Licenses and Permits	16,583	2	16,585
Donations and Contributions	-	1,875	1,875
Miscellaneous	12,054	1	12,055
<i>Total Cash Receipts</i>	<u>364,564</u>	<u>69,799</u>	<u>434,363</u>
Cash Disbursements			
Current:			
Security of Persons and Property	240,145	-	240,145
Leisure Time Activities	-	116	116
Transportation	1,954	88,147	90,101
General Government	97,306	-	97,306
Capital Outlay	34,990	4,680	39,670
Debt Service:			
Principal Retirement	4,616	-	4,616
Interest and Fiscal Charges	100	-	100
<i>Total Cash Disbursements</i>	<u>379,111</u>	<u>92,943</u>	<u>472,054</u>
<i>Excess of Cash Receipts Under Cash Disbursements</i>	<u>(14,547)</u>	<u>(23,144)</u>	<u>(37,691)</u>
Other Financing Receipts (Disbursements)			
Lease Proceeds	34,990	-	34,990
Other Financing Uses	(6,883)	-	(6,883)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>28,107</u>	<u>-</u>	<u>28,107</u>
<i>Net Change in Fund Cash Balances</i>	13,560	(23,144)	(9,584)
<i>Fund Cash Balances, January 1</i>	<u>(6,521)</u>	<u>80,643</u>	<u>74,122</u>
Fund Cash Balances, December 31			
Restricted	-	57,499	57,499
Unassigned	7,039	-	7,039
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,039</u>	<u>\$ 57,499</u>	<u>\$ 64,538</u>

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 510,358	\$ -	\$ 510,358
Miscellaneous	-	1,800	1,800
<i>Total Operating Cash Receipts</i>	<u>510,358</u>	<u>1,800</u>	<u>512,158</u>
Operating Cash Disbursements			
Personal Services	169,736	-	169,736
Contractual Services	223,881	-	223,881
Supplies and Materials	40,921	-	40,921
Other	31,667	1,061	32,728
<i>Total Operating Cash Disbursements</i>	<u>466,205</u>	<u>1,061</u>	<u>467,266</u>
<i>Operating Income</i>	<u>44,153</u>	<u>739</u>	<u>44,892</u>
Non-Operating Receipts (Disbursements)			
Fines and Forfeitures	-	21,418	21,418
Distribution of Fines	-	(17,108)	(17,108)
Loan Proceeds	113,163	-	113,163
Capital Outlay	(151,269)	-	(151,269)
Principal Retirement	(10,842)	-	(10,842)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(48,948)</u>	<u>4,310</u>	<u>(44,638)</u>
<i>Net Change in Fund Cash Balances</i>	(4,795)	5,049	254
<i>Fund Cash Balances, January 1</i>	<u>325,067</u>	<u>12,585</u>	<u>337,652</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 320,272</u>	<u>\$ 17,634</u>	<u>\$ 337,906</u>

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 32,214	\$ -	\$ -	\$ 32,214
Municipal Income Tax	212,580	-	-	212,580
Intergovernmental	38,775	66,451	-	105,226
Special Assessments	9,027	-	-	9,027
Charges for Services	1,617	-	-	1,617
Fines, Licenses and Permits	9,577	-	-	9,577
Earnings on Investments	-	60	-	60
Donations and Contributions	-	1,421	-	1,421
Miscellaneous	13,831	1,772	-	15,603
<i>Total Cash Receipts</i>	<u>317,621</u>	<u>69,704</u>	<u>-</u>	<u>387,325</u>
Cash Disbursements				
Current:				
Security of Persons and Property	244,918	-	-	244,918
Leisure Time Activities	-	1,283	-	1,283
Transportation	-	69,329	-	69,329
General Government	113,068	1,200	-	114,268
Capital Outlay	287	-	1	288
Debt Service:				
Principal Retirement	6,609	-	-	6,609
Interest and Fiscal Charges	472	-	-	472
<i>Total Cash Disbursements</i>	<u>365,354</u>	<u>71,812</u>	<u>1</u>	<u>437,167</u>
<i>Excess of Cash Receipts Under Cash Disbursements</i>	<u>(47,733)</u>	<u>(2,108)</u>	<u>(1)</u>	<u>(49,842)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	13,000	-	13,000
Transfers Out	(13,000)	-	-	(13,000)
Other Financing Uses	(17,196)	-	-	(17,196)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,196)</u>	<u>13,000</u>	<u>-</u>	<u>(17,196)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(77,929)</u>	<u>10,892</u>	<u>(1)</u>	<u>(67,038)</u>
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>71,408</u>	<u>69,751</u>	<u>1</u>	<u>141,160</u>
Fund Cash Balances, December 31				
Restricted	-	80,643	-	80,643
Unassigned (Deficit)	(6,521)	-	-	(6,521)
<i>Fund Cash Balances, December 31</i>	<u>\$ (6,521)</u>	<u>\$ 80,643</u>	<u>\$ -</u>	<u>\$ 74,122</u>

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 502,670	\$ -	\$ 502,670
Miscellaneous	-	2,700	2,700
<i>Total Operating Cash Receipts</i>	<u>502,670</u>	<u>2,700</u>	<u>505,370</u>
Operating Cash Disbursements			
Personal Services	181,792	-	181,792
Travel Transportation	193	-	193
Contractual Services	173,233	-	173,233
Supplies and Materials	27,028	-	27,028
Other	25,487	2,250	27,737
<i>Total Operating Cash Disbursements</i>	<u>407,733</u>	<u>2,250</u>	<u>409,983</u>
<i>Operating Income</i>	<u>94,937</u>	<u>450</u>	<u>95,387</u>
Non-Operating Receipts (Disbursements)			
Fines and Forfeitures	-	11,180	11,180
Distribution of Fines	-	(10,269)	(10,269)
Loan Proceeds	212,101	-	212,101
Intergovernmental	360,000	-	360,000
Capital Outlay	(806,338)	-	(806,338)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(234,237)</u>	<u>911</u>	<u>(233,326)</u>
<i>Net Change in Fund Cash Balances</i>	(139,300)	1,361	(137,939)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>464,367</u>	<u>11,224</u>	<u>475,591</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 325,067</u>	<u>\$ 12,585</u>	<u>\$ 337,652</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, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Village

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shreve, Wayne County, Ohio (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 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 and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund 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 Fund:

VILLAGE OF SHREVE
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds (Continued)**

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

3. **Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund – This fund is used to finance capital improvement projects of the Village.

4. **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.

5. **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 does not have any private purpose 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's agency fund accounts for Mayor's Court fines and forfeitures and customers' utility deposits.

E. **Budgetary Process**

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

VILLAGE OF SHREVE
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 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.

VILLAGE OF SHREVE
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

F. **Fund Balance (Continued)**

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.

H. **Accumulated Leave**

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Restatement of Fund Balance

The Village restated its January 1, 2013 fund balance for the General Fund, Special Revenue Funds, Proprietary Funds, and Fiduciary Funds due to various understatements and overstatements. This had the following effect on the fund balance previously reported:

	Fund Balance at December 31, 2012	Restated Fund Balance at January 1, 2013
General	\$ 66,464	\$ 71,408
Special Revenue	67,674	69,751
Capital Projects	1	1
Enterprise	463,634	464,367
Agency	10,702	11,224
Total Fund Balance	\$ 608,475	\$ 616,751

3. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$392,444	\$401,774
Repurchase agreement	10,000	10,000
Total deposits and investments	\$402,444	\$411,774

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

4. Budgetary Activity

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$381,043	\$399,554	\$18,511
Special Revenue	60,270	69,799	9,529
Enterprise	841,000	623,521	(217,479)
Total	\$1,282,313	\$1,092,874	(\$189,439)

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$378,913	\$385,994	(\$7,081)
Special Revenue	113,325	92,943	20,382
Enterprise	930,383	628,316	302,067
Total	\$1,422,621	\$1,107,253	\$315,368

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$377,598	\$317,621	(\$59,977)
Special Revenue	63,810	82,704	18,894
Capital Projects	2,000	0	(2,000)
Enterprise	1,310,045	1,074,771	(235,274)
Total	\$1,753,453	\$1,475,096	(\$278,357)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$459,621	\$395,550	\$64,071
Special Revenue	97,743	71,812	25,931
Capital Projects	2,001	1	2,000
Enterprise	1,784,977	1,214,071	570,906
Total	\$2,344,342	\$1,681,434	\$662,908

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.

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

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Local Income Tax

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

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, 2014 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission - Phase I	\$140,422	0%
Ohio Public Works Commission - Phase II	174,000	0%
Farmers and Savings Bank Lease	34,990	2.85%
Total	\$349,412	

The Farmers and Savings Bank lease relates to the purchase of a 2015 Ford Explorer police vehicle on December 31, 2014. The Village will pay \$12,193, including interest of 2.85%, annually with the last payment due August 1, 2017. The police vehicle lease is collateralized by the equipment leased.

The Ohio Public Works Commission (OPWC) Loans relate to phase I and II of the South Street Improvements project, which includes repair/replacement of the water and sewer lines. The original amount of the loan for phase I was \$145,264, and phase II was \$180,000. The zero percent interest loans are being repaid in semiannual installments of \$2,421 for phase I and \$3,000 for phase II for 30 years. The final payment is due on January 1, 2044. The loans will be paid from utility receipts.

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

Year ending December 31:	Farmers and Savings Bank	OPWC - Phase I	OPWC - Phase II	Debt Payment Totals
2015	\$12,193	\$4,842	\$6,000	\$23,035
2016	12,193	4,842	6,000	23,035
2017	12,193	4,842	6,000	23,035
2018	0	4,842	6,000	10,842
2019	0	4,842	6,000	10,842
2020-2024	0	24,210	30,000	54,210
2025-2029	0	24,210	30,000	54,210
2030-2034	0	24,210	30,000	54,210
2035-2039	0	24,210	30,000	54,210
2040-2043	0	19,372	24,000	43,372
Total	\$36,579	\$140,422	\$174,000	\$351,001

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OP&F participants contributed 10% from January 1, 2013 to June 30, 2013, 10.75% from July 1, 2013 to June 30, 2014, and 11.50% from July 1, 2014 to December 31, 2014, of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, 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, 2014.

9. Risk Management

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, except OPRM retains 41.5% (effective November 1, 2011) 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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 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, 2013 and 2014.

VILLAGE OF SHREVE
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

9. Risk Management (Continued)

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

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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 Village of Shreve, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated February 3, 2016, 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 and the Village restated January 1, 2013, fund balances due to various understatements and overstatements.

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 opinion 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 2014-001 through 2014-006 and 2014-008 to be material weaknesses.

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 2014-003, and 2014-005 through 2014-007.

Village's Responses 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

February 3, 2016

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

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.

The December 31, 2014 and 2013, bank reconciliations for the Village's accounting records originally showed the bank and book balances had unknown variances. The Village contracted with an independent private accountant to correct their reconciliations and to balance their books with the bank. Additionally the Village restated its beginning 2013 balance.

Other reconciling issues noted were:

- The Mayor's Court disbursements of fines to the State Treasurer were not consistently paid from the Mayor's Court bank account, with some of the payments made from the general checking account. In addition, the Mayor's Court bank account did not have a monthly reconciliation completed. These two issues made it difficult to determine if the Mayor's Court Agency Fund activity was accurately reconciled and reported on the Village's accounting records and financial statements. Audit adjustments were made to ensure all activity related to Mayor's Court was correctly recorded in the Mayor's Court Fund.
- The payroll bank account was not reconciled during the audit period. As a result, the Village contracted with the independent private accountant to perform this reconciliation as well. The accountant identified a net adjustment of \$30,469 of excess funds that had been expensed on the Village's books and transferred from the general checking account to the payroll account. An adjustment was made to the financial statements and the Village's accounting system for this amount.
- Unrecorded bank accounts were identified and required to be brought on to the Village's books.

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 and payroll accounts, 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.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-002

Mayor's Court Agency Fund – Material Weakness

The Village did not record the total activity for the Mayor's Court on the Village's accounting records or financial statements. The Mayor's Court records were kept separate from the Village's accounting records, and each month a check was written to the Village for its portion of the fines and fees, with the exception noted in Finding 2014-003, where the fines and costs were not always allocated to the various accounts in the General Fund as required. Because the records are maintained separately and the Village does not have controls in place 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 2014, receipts and disbursements were understated by \$7,230 and \$7,340, respectively. For 2013, receipts were overstated by \$138 and disbursements were understated by \$332. The Village adjusted the agency fund's financial statements to accurately reflect the Mayor's Court activity.

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.

FINDING NUMBER 2014-003

Mayor's Court Fine Distribution – Noncompliance and Material Weakness

Ohio Rev. Code § 733.40 provides that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor that in any manner come into the mayor's hands, or that are due the mayor or marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. In addition, **Ohio Rev. Code § 1907.24(C)** provides all such moneys collected during a month except for an amount equal to up to one per cent of those moneys retained to cover administrative costs shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state in a manner prescribed by the treasurer of state or by the Ohio legal assistance foundation.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-003 (Continued)

Mayor's Court Fine Distribution – Noncompliance and Material Weakness (Continued)

During 2014 and 2013, monies collected by the Mayor's Court were not always paid to the Treasurer of State by the 20th of the month, as indicated in the following:

- During 2014, March and July Mayor's Court receipts were never distributed to the Treasurer of State.
- During 2014, October and November receipts were not distributed to the Treasurer of State until January 8, 2015, which is after the 20th of the following month as required by the Ohio Rev. Code.
- During 2014, not all of the required amount to be paid to the Treasurer of State each month was paid out correctly. As a result, \$2,925 was still owed to the Treasurer of State for 2014 activity.
- During 2013, February, March, May, June and July Mayor's Court receipts were never distributed to the Treasurer of State.
- During 2013, January, August, September and December receipts were not distributed to the Treasurer of State by the 20th of the following month as required by the ORC.
- During 2013, for 10 months of the year, not all of the required amount to be paid to the Treasurer of State for the month was paid out correctly. As a result, \$1,474 was still owed to the Treasurer of State for 2013 activity.

The amount of \$4,399 was paid to the Treasurer of State on February 4, 2016 with check number 1095.

During 2014 and 2013, the Village failed to pay \$539 from December 2012 Mayor's Court activity to the Village's General Fund, resulting in this amount still owed to the General Fund as of December 31, 2014. This amount was adjusted to the Village's financial statements and accounting system. In addition, \$255 of Mayor's Court receipts were due to the Wayne County courts, but were not paid as of December 31, 2014.

The Village should ensure amounts due to the Village and to the Treasurer of State for court fees are paid timely and accurately.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004

Ohio Public Works Commission Grants – Material Weakness

Auditor of State (AOS) Bulletin 2000-008 indicates when a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2014 and 2013, the Ohio Public Works Commission (OPWC) expended \$106,028 and \$572,101, respectively, for a water and sewer line repair/replacement project on behalf of the Village. Under the terms of this agreement, OPWC made project payments directly to the vendor/contractor(s) on the Village's behalf. The Village did not recognize the amounts as receipts and disbursements in the Village's accounting records, thus understating the loan proceeds, intergovernmental receipts and capital outlay disbursements reported in the Enterprise Funds. This was caused by the Village not having procedures in place for recording on-behalf of payments. Adjustments were made to the 2014 and 2013 financial statements to recognize these receipts and disbursements.

Any payments made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement. See AOS Bulletin 2000-008 for further guidance on posting the on-behalf of activity. Failure to do so results in an understatement of receipts and disbursements.

FINDING NUMBER 2014-005

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. The following adjustments were noted during the audit period:

- During 2014, the Village posted a debt payment of \$5,421 and an intergovernmental receipt of \$7,135 to the State Issue II Fund rather than the allocating the amounts between the Water and Sewer Funds. This resulted in the State Issue II Fund being overstated \$1,684 and the Water and Sewer Funds being understated \$857 each.
- During 2014, \$5,421 of debt payments were posted to the Sewer Improvement Fund rather than being split between the Water and Sewer Funds. This resulted in the Sewer Improvement Fund being understated \$5,421 and the Water and Sewer Funds overstated \$2,711 and \$2,710, respectively.
- During 2014, \$378 of gas tax and motor vehicle license tax receipts were posted to the Street Fund rather than being allocated to the State Highway Fund, and \$157 of local government revenue was incorrectly posted to the Street and State Highway Funds rather than the General Fund. This resulted in the General Fund being understated \$157, the Street Fund being overstated \$523, and the State Highway Fund understated \$366.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-005 (Continued)

Fund Balance Adjustments – Noncompliance and Material Weakness (Continued)

- During 2013, the Village posted a \$4,399 motor vehicle license tax fee receipt to the General Fund rather than allocating it between the Street and State Highway Funds. This resulted in the General Fund being overstated \$4,399 and the Street and State Highway Funds being understated \$4,069 and \$330, respectively.
- During 2013, 15% of the Gas and Motor Vehicle License receipts were being posted to the State Highway Fund rather than 7.5% resulting in of the State Highway Fund being overstated \$3,690 and the Street Fund being understated \$3,690.
- During 2013, a permissive sales tax receipt in the amount of \$218 was incorrectly posted to the Street Fund rather than the Permissive Sales Tax Fund. This resulted in the Street Fund being overstated \$218 and the Permissive Sales Tax Fund being understated \$218.
- During 2013, a \$95 Street Fund receipt was posted to the General Fund. This resulted in the Street Fund being understated \$95 and the General Fund being overstated \$95.

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

The Village should exercise due care when posting receipts to ensure receipts 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.

FINDING NUMBER 2014-006

Unsupported Expenditures – Finding for Recovery – Repaid Under Audit – 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, 2013 to December 31, 2014, the Village wrote ten checks made out to cash to replenish the Village's petty cash account, which totaled \$1,815. Only \$1,023 of the \$1,815 had supporting documentation, and one amount for \$480 was determined reasonable as it was for employee bonuses at year-end, which were approved in the minutes. The remaining \$312 had no supporting documentation maintained to support the expenses made from the petty cash account. In addition, one of the checks totaling \$111 was endorsed by Mayor Bruce Biggs.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-006 (Continued)

Unsupported Expenditures – Finding for Recovery – Repaid Under Audit – Noncompliance and Material Weakness (Continued)

Also during the period, the Village maintained a credit card account for which supporting documentation was not maintained for all purchases. The Village did not have support for \$3,042 of disbursements and paid \$353 in late charges and interest over the audit period. However, based on other transactions with receipts from the same vendors with missing receipts, and based on other types of similar transactions or other support around the time of the disbursement, it was determined \$2,773 of the unsupported transactions were for a proper public purpose. Unsupported amounts are as follows:

Date of Purchase	Amount	Vendor
11/28/2012	\$41.99	Best Buy
03/21/2013	55.19	Haruki East, Hilliard
04/03/2013	43.64	Japanese Steakhouse
10/23/2013	57.13	Marathon
02/15/14 & 03/06/2014	7.98	Google Albrechtsen
03/05/2014	31.00	Kooma Sushi
04/23/2014	32.11	Double Tree by Hilton – room service
	<u>\$269.04</u>	

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.

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 \$201 for checks written to cash (\$312 noted above less \$111 repaid by the Mayor), \$269 for unsupported credit card disbursements, and \$353 for late charges and interest, totaling \$823, and in favor of the Village's General Fund.

On December 10, 2015, \$111 was paid by Mayor Bruce Biggs with check number 3955 to the Village's General Fund. On March 28, 2016, \$823 was paid by Former Fiscal Officer Jamie Greigor with check number 11002 to 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.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-006 (Continued)

Unsupported Expenditures – Finding for Recovery – Repaid Under Audit – Noncompliance and Material Weakness (Continued)

We also recommend Village Council establish policies and procedures over the credit card account. The policy should include but not be limited to, who is authorized to access the account, who is responsible for custody of the credit cards, established credit limits, the types of purchases that may be made, and receipt documentation requirements. The credit card account activity should be presented to Village Council for review monthly to ensure late fees and penalties do not occur.

FINDING NUMBER 2014-007

Certification – Noncompliance

Ohio Rev. Code § 5705.41(D) provides no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision stating the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-007 (Continued)

Certification – Noncompliance (Continued)

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

At year end of December 31, 2013 and December 31, 2014, 44 percent of expenditures tested were not certified prior to incurring the obligation. In addition, it was noted that 10 percent of the nonpayroll disbursements tested did not have a purchase order issued. It was also found none of the exceptions above were utilized for the items found to be in non-compliance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure purchase commitments received prior approval. To improve control over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-008

Council Review of Financial Reports – Material Weakness

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Council should review system generated financial reports on a regular basis. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the users' expectations.

During 2014 and 2013, Council would periodically receive a monthly fund balance report. Council did not review budget versus actual receipts or expenditures for unusual or unexpected variances, nor did they review the monthly bank reconciliations to ensure their completeness and accuracy. Lack of legislative monitoring of system generated financial reports may lead to errors, irregularities, or misappropriation of Village assets occurring and going undetected without the knowledge of Council.

We recommend Council request monthly financial reports and formally recognize in the minutes the acceptance of monthly reports they receive from the Fiscal Officer. Reports should include, but not be limited to, monthly cash reconciliations, budget to actual statements for receipts and disbursements, year-to-date receipt, expenditure, and fund balance reports, etc. These reports should reflect all activity of the Village and should be up to date. This will increase Council's awareness of all finance related activity and facilitate their decision making process.

Officials' Response: The findings, recommendations, and errors reported by the Auditor of State's report are acknowledged by this office. The previous fiscal officer was terminated from the position on September 8, 2015. Moving forward, this office will do their best to work diligently and efficiently and maintain accurate and complete financial records. The Village of Shreve is scheduled in April to attend UAN training.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 733.40 - Mayor's Court Fine Distribution	No	Repeated as Finding 2014-003
2012-002	Ohio Rev. Code § 5705.42 - Ohio Public Works Commission Grants	No	Repeated as Finding 2014-004
2012-003	Ohio Rev. Code § 5705.41(D) – Certification	No	Repeated as Finding 2014-007
2012-004	Material Weakness - Transaction Posting	No	Repeated as Finding 2014-005
2012-005	Material Weakness - Mayor's Court Agency Fund	No	Repeated as Finding 2014-002
2012-006	Material Weakness - Bank Reconciliations	No	Repeated as Finding 2014-001



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
APRIL 12, 2016