



**VILLAGE OF SHREVE
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SHREVE

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Shreve
Wayne County
150 West McConkey Street
PO Box 604
Shreve, Ohio 44676-0604

To the Village Council:

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

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

Jim Petro
Auditor of State

July 5, 2000

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**VILLAGE OF SHREVE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$43,170	\$0	\$0	\$215,328	\$258,498
Intergovernmental	103,289	98,075	0	0	201,364
Charges for Services	22,614	0	0	0	22,614
Fines, Licenses, and Permits	20,032	0	0	0	20,032
Earnings on Investments	65,844	0	0	0	65,844
Miscellaneous	11,062	188	0	100	11,350
Total Cash Receipts	266,011	98,263	0	215,428	579,702
Cash Disbursements:					
Current:					
Security of Persons and Property	232,884	53,558	0	0	286,442
Public Health Services	4,403	0	0	0	4,403
Leisure Time Activities	10,486	0	0	0	10,486
Community Environment	3,600	0	0	0	3,600
Transportation	0	64,711	0	0	64,711
General Government	57,755	0	0	72,654	130,409
Capital Outlay	13,940	8,277	12,432	0	34,649
Total Cash Disbursements	323,068	126,546	12,432	72,654	534,700
Total Cash Receipts Over/(Under) Cash Disbursements	(57,057)	(28,283)	(12,432)	142,774	45,002
Other Disbursements:					
Transfers-Out	0	0	0	(27,284)	(27,284)
Other Uses	(1,075)	0	0	(613)	(1,688)
Total Other Financing Disbursements	(1,075)	0	0	(27,897)	(28,972)
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(58,132)	(28,283)	(12,432)	114,877	16,030
Fund Cash Balances, January 1	360,196	92,779	68,311	264,969	786,255
Fund Cash Balances, December 31	\$302,064	\$64,496	\$55,879	\$379,846	\$802,285
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF SHREVE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$417,022	\$0	\$417,022
Fines	0	26,369	26,369
Total Operating Cash Receipts	<u>417,022</u>	<u>26,369</u>	<u>443,391</u>
Operating Cash Disbursements:			
Personal Services	99,822	0	99,822
Contractual Services	82,024	0	82,024
Supplies and Materials	37,250	0	37,250
Capital Outlay	218,967	0	218,967
Miscellaneous	0	27,236	27,236
Total Operating Cash Disbursements	<u>438,063</u>	<u>27,236</u>	<u>465,299</u>
Operating Loss	<u>(21,041)</u>	<u>(867)</u>	<u>(21,908)</u>
Non-Operating Cash Receipts:			
Intergovernmental	93,392	0	93,392
Other	3,350	0	3,350
Total Non-Operating Cash Receipts	<u>96,742</u>	<u>0</u>	<u>96,742</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	86,807	0	86,807
Interest Payments	55,311	0	55,311
Other	2,534	0	2,534
Total Non-Operating Cash Disbursements	<u>144,652</u>	<u>0</u>	<u>144,652</u>
Excess of Cash Receipts (Under) Disbursements Before Interfund Transfers	(68,951)	(867)	(69,818)
Transfers-In	<u>27,284</u>	<u>0</u>	<u>27,284</u>
Net Receipts (Under) Disbursements	(41,667)	(867)	(42,534)
Fund Cash Balances, January 1	<u>470,244</u>	<u>3,560</u>	<u>473,804</u>
Fund Cash Balances, December 31	<u>\$428,577</u>	<u>\$2,693</u>	<u>\$431,270</u>
Reserves for Encumbrances, December 31	<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
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$41,610	\$0	\$0	\$233,884	\$275,494
Intergovernmental	72,967	112,411	0	0	185,378
Charges for Services	19,903	0	0	0	19,903
Fines, Licenses, and Permits	25,854	160	0	0	26,014
Earnings on Investments	62,540	0	0	0	62,540
Miscellaneous	20,410	321	0	0	20,731
Total Cash Receipts	<u>243,284</u>	<u>112,892</u>	<u>0</u>	<u>233,884</u>	<u>590,060</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	183,355	48,485	0	0	231,840
Public Health Services	4,587	0	0	0	4,587
Leisure Time Activities	9,385	0	0	0	9,385
Community Environment	13,640	0	0	0	13,640
Transportation	0	44,717	0	0	44,717
General Government	80,993	0	0	47,197	128,190
Capital Outlay	35,420	10,850	0	1,101	47,371
Total Cash Disbursements	<u>327,380</u>	<u>104,052</u>	<u>0</u>	<u>48,298</u>	<u>479,730</u>
Total Cash Receipts Over/(Under) Cash Disbursements:	<u>(84,096)</u>	<u>8,840</u>	<u>0</u>	<u>185,586</u>	<u>110,330</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	256,500	0	28,500	0	285,000
Transfers-Out	0	0	0	(285,000)	(285,000)
Other Sources	1,392	0	0	16	1,408
Other Uses	(2,287)	0	0	(498)	(2,785)
Total Other Financing Receipts/(Disbursements)	<u>255,605</u>	<u>0</u>	<u>28,500</u>	<u>(285,482)</u>	<u>(1,377)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>171,509</u>	<u>8,840</u>	<u>28,500</u>	<u>(99,896)</u>	<u>108,953</u>
Fund Cash Balances, January 1	<u>188,687</u>	<u>83,939</u>	<u>39,811</u>	<u>364,865</u>	<u>677,302</u>
Fund Cash Balances, December 31	<u>\$360,196</u>	<u>\$92,779</u>	<u>\$68,311</u>	<u>\$264,969</u>	<u>\$786,255</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$9,015</u>	<u>\$0</u>	<u>\$9,015</u>

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

**VILLAGE OF SHREVE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$405,637	\$0	\$405,637
Fines	0	34,004	34,004
Total Operating Cash Receipts	405,637	34,004	439,641
Operating Cash Disbursements:			
Personal Services	108,266	0	108,266
Contractual Services	76,368	0	76,368
Supplies and Materials	27,573	0	27,573
Capital Outlay	15,767	0	15,767
Miscellaneous	0	32,351	32,351
Total Operating Cash Disbursements	227,974	32,351	260,325
Operating Income	177,663	1,653	179,316
Non-Operating Cash Receipts:			
Miscellaneous	455	0	455
Other	3,419	0	3,419
Total Non-Operating Cash Receipts	3,874	0	3,874
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	80,459	0	80,459
Interest Payments	61,656	0	61,656
Other	2,631	0	2,631
Total Non-Operating Cash Disbursements	144,746	0	144,746
Net Receipts Over Disbursements	36,791	1,653	38,444
Fund Cash Balances, January 1	433,453	1,907	435,360
Fund Cash Balances, December 31	\$470,244	\$3,560	\$473,804
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

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

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, park operations (leisure time activities), ambulance 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

Certificates of deposit are valued at cost.

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

2. Special Revenue Funds

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

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

COPS Fast Fund - This fund receives intergovernmental revenues for policing services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

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 account for the payment of capital improvements for the Village.

4. Enterprise Funds

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

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

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer service.

Sewer Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund, except for 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 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 365,501	\$ 437,205
Certificates of deposit	868,054	822,854
Total deposits	<u>\$ 1,233,555</u>	<u>\$ 1,260,059</u>

VILLAGE OF SHREVE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH (Continued)

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 461,420	\$ 266,011	\$ (195,409)
Special Revenue	108,862	98,263	(10,599)
Capital Projects	40,000	0	(40,000)
Enterprise	422,200	541,048	118,848
Fiduciary	240,000	215,428	(24,572)
Total	\$ 1,272,482	\$ 1,120,750	\$ (151,732)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 400,604	\$ 324,143	\$ 76,461
Special Revenue	121,202	126,546	(5,344)
Capital Projects	75,000	12,432	62,568
Enterprise	666,400	582,715	83,685
Fiduciary	351,500	100,551	250,949
Total	\$ 1,614,706	\$ 1,146,387	\$ 468,319

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 467,655	\$ 501,176	\$ 33,521
Special Revenue	95,002	112,892	17,890
Capital Projects	40,000	28,500	(11,500)
Enterprise	412,000	409,511	(2,489)
Fiduciary	245,000	233,900	(11,100)
Total	\$ 1,259,657	\$ 1,285,979	\$ 26,322

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 385,788	\$ 329,667	\$ 56,121
Special Revenue	117,700	104,052	13,648
Capital Projects	75,000	9,015	65,985
Enterprise	583,600	372,720	210,880
Fiduciary	334,000	333,796	204
Total	\$ 1,496,088	\$ 1,149,250	\$ 346,838

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$614,100	7.89%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has initially provided \$1,224,592 in loans to the Village for this project. The loans 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.

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

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan
2000	\$ 142,109
2001	142,109
2002	142,109
2003	142,109
2004	142,109
Subsequent	<u>71,055</u>
Total	<u>\$ 781,600</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Fund (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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of 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. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive liability
- Property (Fleet) Coverage
- Property (Buildings/Contents) Coverage
- Inland Marine Coverage
- Crime Coverage

The Village is a member of the Ohio Governments Risk Management (the Management) for liability insurance. The Management reduces the premiums that would have to be paid for individual Villages by combining all of the participating Villages and rating them for a percentage needed to pay.

The Village is a member of the Ohio Municipal League Village Workers' Compensation Group Rating Plan (the Plan). The Plan reduces the premiums that would have to be paid for individual Villages by combining all of the participating Villages and rating them for a percentage needed to pay.

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

VILLAGE OF SHREVE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

8. CONTINGENT LIABILITY

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.

9. NONCOMPLIANCE

During 1999 and 1998, expenditures exceeded appropriations in several funds which is contrary to Ohio Revised Code § 5705.41 (B).

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

Village of Shreve
Wayne County
150 West McConkey Street
PO Box 604
Shreve, Ohio 44676-0604

To the Village Council:

We have audited the accompanying financial statements of the Village of Shreve, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 5, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-30985-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 5, 2000.

Village of Shreve
Wayne County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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These comments are intended for the information and use of management and Village Council and are not intended to be and should not be used by anyone other than these specified parties

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 5, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30985-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations at December 31, 1999 in the Street Maintenance and Repair and COPS Fast, Special Revenue Funds, by \$14,289 and \$3,558, respectively, and the Water Improvement, Enterprise Fund, by \$126,069. Expenditures exceeded appropriations at December 31, 1998 in the Water Improvement, Enterprise Fund by, \$3,895.

The Village should establish procedures to ensure that funds are available prior to the Village incurring the obligation. In addition, the Clerk should ensure that adequate appropriations exist at the time the expenditures are made.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 22, 2000**