

**VILLAGE OF SHREVE
WAYNE COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Shreve
150 West McConkey Street
P.O. Box 604
Shreve, Ohio 44676

We have reviewed the *Independent Accountants' Report* of the Village of Shreve, Wayne County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 9, 2011

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VILLAGE OF SHREVE
WAYNE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

October 7, 2011

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

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, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009 or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Shreve, Wayne County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 49,776	\$ -	\$ -	\$ 49,776
Municipal Income Taxes	173,806	-	-	173,806
Intergovernmental	76,059	55,977	-	132,036
Special Assessments	8,736	-	-	8,736
Charges for Services	59,293	-	-	59,293
Fines, Licenses, and Permits	10,578	1,581	-	12,159
Earnings on Investments	3,433	316	-	3,749
Miscellaneous	49,450	-	-	49,450
	<u>431,131</u>	<u>57,874</u>	<u>-</u>	<u>489,005</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	275,197	5,500	-	280,697
Leisure Time Activities	1,791	-	-	1,791
Transportation	999	114,175	-	115,174
General Government	183,362	1,446	-	184,808
Capital Outlay	-	12,992	19,162	32,154
	<u>461,349</u>	<u>134,113</u>	<u>19,162</u>	<u>614,624</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(30,218)</u>	<u>(76,239)</u>	<u>(19,162)</u>	<u>(125,619)</u>
Other Financing Receipts/(Disbursements):				
Transfer-In	-	75,000	20,000	95,000
Transfer-Out	(95,000)	-	-	(95,000)
Other Financing Uses	(1,557)	-	-	(1,557)
	<u>(96,557)</u>	<u>75,000</u>	<u>20,000</u>	<u>(1,557)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(126,775)</u>	<u>(1,239)</u>	<u>838</u>	<u>(127,176)</u>
Fund Cash Balances, January 1	<u>174,217</u>	<u>63,396</u>	<u>19,911</u>	<u>257,524</u>
Fund Cash Balances, December 31	<u>\$ 47,442</u>	<u>\$ 62,157</u>	<u>\$ 20,749</u>	<u>\$ 130,348</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
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 355,050	\$ -	\$ 355,050
Miscellaneous	1,284	-	1,284
Total Operating Cash Receipts	<u>356,334</u>	<u>-</u>	<u>356,334</u>
Operating Cash Disbursements:			
Personal Services	193,750	-	193,750
Transportation	182	-	182
Contractual Services	91,930	-	91,930
Supplies and Materials	32,637	-	32,637
Capital Outlay	70,346	-	70,346
Total Operating Cash Disbursements	<u>388,845</u>	<u>-</u>	<u>388,845</u>
Operating Income/(Loss)	<u>(32,511)</u>	<u>-</u>	<u>(32,511)</u>
Non-Operating Cash Receipts/(Disbursements):			
Earnings on Investments	2,255	-	2,255
Other Non-Operating Cash Receipts	45	33,948	33,993
Other Non-Operating Cash Disbursements	-	(31,254)	(31,254)
Total Non-Operating Cash Receipts/(Disbursements)	<u>2,300</u>	<u>2,694</u>	<u>4,994</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(30,211)	2,694	(27,517)
Fund Cash Balances, January 1	<u>441,641</u>	<u>13,313</u>	<u>454,954</u>
Fund Cash Balances, December 31	<u>\$ 411,430</u>	<u>\$ 16,007</u>	<u>\$ 427,437</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
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 51,308	\$ -	\$ -	\$ 51,308
Municipal Income Taxes	193,870	-	-	193,870
Intergovernmental	91,047	69,007	-	160,054
Special Assessments	8,679	-	-	8,679
Charges for Services	75,112	-	-	75,112
Fines, Licenses, and Permits	13,619	1,250	-	14,869
Earnings on Investments	16,743	263	-	17,006
Miscellaneous	6,869	-	-	6,869
	<u>457,247</u>	<u>70,520</u>	<u>-</u>	<u>527,767</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	278,892	1,255	-	280,147
Leisure Time Activities	70,611	-	-	70,611
Transportation	2,946	110,054	-	113,000
General Government	121,162	2,145	-	123,307
Capital Outlay	4,990	27,431	1,710	34,131
	<u>478,601</u>	<u>140,885</u>	<u>1,710</u>	<u>621,196</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(21,354)</u>	<u>(70,365)</u>	<u>(1,710)</u>	<u>(93,429)</u>
Other Financing Receipts/(Disbursements):				
Transfer-In	-	50,000	16,500	66,500
Transfer-Out	(66,500)	-	-	(66,500)
Other Financing Sources	48,665	-	-	48,665
Other Financing Uses	(1,433)	-	-	(1,433)
	<u>(19,268)</u>	<u>50,000</u>	<u>16,500</u>	<u>47,232</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,622)	(20,365)	14,790	(46,197)
Fund Cash Balances, January 1	<u>214,839</u>	<u>83,761</u>	<u>5,121</u>	<u>303,721</u>
Fund Cash Balances, December 31	<u>\$ 174,217</u>	<u>\$ 63,396</u>	<u>\$ 19,911</u>	<u>\$ 257,524</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
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 356,221	\$ -	\$ 356,221
Miscellaneous	266	-	266
Total Operating Cash Receipts	<u>356,487</u>	<u>-</u>	<u>356,487</u>
Operating Cash Disbursements:			
Personal Services	160,284	-	160,284
Transportation	231	-	231
Contractual Services	117,514	-	117,514
Supplies and Materials	37,378	-	37,378
Capital Outlay	94,437	-	94,437
Total Operating Cash Disbursements	<u>409,844</u>	<u>-</u>	<u>409,844</u>
Operating Income/(Loss)	<u>(53,357)</u>	<u>-</u>	<u>(53,357)</u>
Non-Operating Cash Receipts/(Disbursements):			
Intergovernmental	12,011	-	12,011
Other Non-Operating Cash Receipts	29	27,544	27,573
Other Non-Operating Cash Disbursements	-	(22,885)	(22,885)
Total Non-Operating Cash Receipts/(Disbursements)	<u>12,040</u>	<u>4,659</u>	<u>16,699</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(41,317)	4,659	(36,658)
Fund Cash Balances, January 1	<u>482,958</u>	<u>8,654</u>	<u>491,612</u>
Fund Cash Balances, December 31	<u>\$ 441,641</u>	<u>\$ 13,313</u>	<u>\$ 454,954</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, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Village of Shreve, Wayne County, Ohio (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 government services, including maintenance of Village streets, ambulance services, utilities, and recreation.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits

The Village deposits all funds in checking accounts or certificates of deposit.

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 reports 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 that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except for 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 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 the cost of providing this utility.

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

5. Fiduciary Funds (Agency 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.

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 funds account 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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object 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.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also 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 cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

G. 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.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 557,785	\$ 606,032
Certificates of Deposit	-	106,446
Total	<u>\$ 557,785</u>	<u>\$ 712,478</u>

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 696,272	\$ 431,131	\$ (265,141)
Special Revenue	134,280	132,874	(1,406)
Capital Projects	20,000	20,000	-
Enterprise	353,474	358,634	5,160
Agency	2,500	3,750	1,250
Total	\$ 1,206,526	\$ 946,389	\$ (260,137)

2010 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$ 696,911	\$ 557,906	\$ 139,005
Special Revenue	137,322	134,113	3,209
Capital Projects	20,000	19,162	838
Enterprise	425,179	388,845	36,334
Agency	1,700	916	784
Total	\$ 1,281,112	\$ 1,100,942	\$ 180,170

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 851,063	\$ 505,912	\$ (345,151)
Special Revenue	169,250	120,520	(48,730)
Capital Projects	41,500	16,500	(25,000)
Enterprise	2,131,700	368,527	(1,763,173)
Agency	2,900	3,050	150
Total	\$ 3,196,413	\$ 1,014,509	\$ (2,181,904)

2009 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$ 729,110	\$ 546,534	\$ 182,576
Special Revenue	130,468	140,885	(10,417)
Capital Projects	25,000	1,710	23,290
Enterprise	543,825	409,844	133,981
Agency	1,500	346	1,154
Total	\$ 1,429,903	\$ 1,099,319	\$ 330,584

Note: The Village is not required to budget for all agency funds. The Village budgeted for Utility Deposit Fund activity, but not for Mayor's Court Fund activity.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. PROPERTY TAX

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

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 TAXES

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

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

6. RETIREMENT SYSTEMS

The Village's law enforcement 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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. RISK MANAGEMENT

Prior to 2009, the Village belonged to 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. RISK MANAGEMENT (Continued)

- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009, and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

**VILLAGE OF SHREVE
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

October 7, 2011

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

To the Village Council:

We have audited the financial statements of the **Village of Shreve**, Wayne County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 7, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 through 2010-005 described in the accompanying schedule of audit findings to be material weaknesses.

Internal Control over Financial Reporting (Continued)

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. We consider finding 2010-006 described in the accompanying schedule of audit findings to be a significant deficiency.

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, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as findings 2010-001 through 2010-004 and 2010-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 7, 2011.

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

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Material Weakness/Noncompliance Finding

Ohio Revised Code Section 145.47 provides, in part, “each public employee who is a contributor to the public employees retirement system shall contribute eight percent of the contributor’s earnable salary to the employees’ savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten percent of the employee’s earnable salary.

The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions. A penalty of five per cent of the total amount due for the particular reporting period shall be added when such report, together with warrants of checks to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.”

The Village was required to pay penalties and interest to OPERS during the audit period due to delayed remittance of pension withholdings. A key control in the payroll process is to assure payroll withholdings are submitted to the appropriate agencies timely. Failure to comply with the statute could result in additional late fees and penalties and may result in misstatement of the financial statements.

We recommend the Village Fiscal Officer file the Report of Contributions no later than thirty days after the end of the reporting period to ensure that the Village does not incur a five percent penalty.

Management’s Response – Previous Fiscal Officer was terminated and all reports were caught up and are now timely

FINDING NUMBER 2010-002

Material Weakness/Noncompliance Finding

Ohio Revised Code Section 742.35 states that each employer shall pay its annual police officer employers’ contribution and firefighter employers’ contribution in four equal installments promptly as provided in sections 742.33 and 742.34 of the Revised Code. If an employer fails to make a payment on or before the date that is sixty days after the last day of the calendar quarter, a penalty determined under section 742.352 of the Revised Code shall be assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the installment is due to the date of payment.

The Village was required to pay penalties and interest to Ohio Police & Fire Pension Fund (OP&F) during the audit period due to delayed remittance of withholdings.

We recommend the Village establish procedures to assure that pension contributions withheld from the gross wages of all employees be remitted to the appropriate agency on a quarterly basis.

Management’s Response – We have terminated the previous Fiscal Officer and reports were caught up and are now timely.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-003

Material Weakness/Noncompliance Finding

Ohio Revised Code Section 5705.09 states that each subdivision is required to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Also, Auditor of State Bulletin 97-019 states that court computerization fees collected must be placed in a special revenue fund established by the Village.

In 2010 and 2009, the Village collected court computerization fees in the amount of \$1,446 and \$1,250, respectively. The Village posted activity to the General Fund instead of a Court Computerization Special Revenue Fund. This could result in the court computerization fee receipts being used for unallowable expenditures as defined by Auditor of State Bulletin 97-019.

We recommend the Village establish a Court Computerization Special Revenue Fund by Board Resolution and record such activity within the minute record book. The financial statements reflect the adjustment made by the Village to move court computerization fee receipts from the General Fund to the Special Revenue Fund Type.

Management's Response – We had a line item in the General Fund, thinking that was sufficient. We have now created a Mayor's Court Computerization Special Revenue Fund.

FINDING NUMBER 2010-004

Material Weakness/Noncompliance Finding

26 U.S.C. Section 3402 and Ohio Rev. Code Section 5747.06 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

The Village was required to pay penalties and interest to the Internal Revenue Service during the audit period due to delayed remittance of withholding taxes.

We recommend the Village establish procedures to assure that federal and state taxes withheld from the gross wages of all employees be remitted to the appropriate agency on a quarterly basis.

Management's Response – We have terminated the previous Fiscal Officer. We are now making withholding payments bi-weekly through EFTs and records are being filed.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-005

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2010 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Mayor's Court Agency Fund did not reflect all Mayor's Court activity
- Court computerization receipts and related disbursements were recorded as Fines, Licenses, and Permits and General Government in the General Fund instead of Fines, Licenses, and Permits and General Government in the Court Computerization, Special Revenue Fund Type
- Utility deposits and related expenditures were recorded in an Enterprise Fund instead of an Agency Fund
- Income tax receipts and related disbursement were recorded in a Special Revenue Fund instead of the General Fund
- Property tax reimbursements were recorded as Property and Other Local Taxes instead of Intergovernmental
- Property tax receipts were recorded at net instead of gross
- Interest was recorded as Miscellaneous instead of Earnings on Investments
- Excise tax receipts and related disbursements were recorded as Intergovernmental receipts and Transportation in the General Fund instead of Intergovernmental receipts and Transportation in the Street Construction, Maintenance, and Repair and State Highway Funds
- OPWC reimbursements recorded as Miscellaneous instead of Intergovernmental

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Village has made all adjustments to its accounting system, and the financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF SHREVE
WAYNE COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-006

Significant Deficiency/Noncompliance Finding

Ohio Rev. Code Section 733.40 states 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.

During 2010 and 2009, monies collected by the Mayor's Court were not always paid to the Village by the first Monday of the month or the Treasurer of State by the 20th of the month.

We recommend the Mayor's Court pay all monies collected to the Village by the first Monday of each month and the Treasurer of State by the 20th of the month.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SHREVE
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 145.47 – OPERS withholdings	No	Partially Corrected; Repeated as Finding 2010-001
2008-002	ORC Section 742.35 – OP&F withholdings	No	Not Corrected; Repeated as Finding 2010-002
2008-003	ORC Section 633.40 – Mayor’s Court remittances	No	Not Corrected; Repeated as Finding 2010-006
2008-004	ORC Section 5705.09 – Court Computerization Fund	No	Not Corrected; Repeated as Finding 2010-003
2008-005	ORC Section 5705.10 – Special Revenue Levy Funds	Yes	
2008-006	26 USC Section 3402 and ORC Section 5747.06 – IRS Withholdings	No	Not Corrected; Repeated as Finding 2010-004
2008-007	Posting Receipts and Expenditures	No	Not Corrected; Repeated as Finding 2010-005
2008-008	Bank Reconciliations	Yes	
2008-009	Late Payments	Yes	

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Dave Yost • Auditor of State

VILLAGE OF SHREVE

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 22, 2011