

VILLAGE OF SHREVE

WAYNE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Shreve
P.O. Box 604
Shreve, Ohio 44676

We have reviewed the *Independent Auditor's Report* of the Village of Shreve, Wayne County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 19, 2021

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**VILLAGE OF SHREVE
WAYNE COUNTY, OHIO**

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Independent Auditor's Report

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Shreve, Wayne County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2 for the year ended December 31, 2020 and Note 1 for the year ended December 31, 2019. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Shreve's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Shreve's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 for the year ended December 31, 2020 and Note 1 for the year ended December 31, 2019, the financial statements are prepared by the Village of Shreve, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 for the year ended December 31, 2020 and Note 1 for the year ended December 31, 2019 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village of Shreve 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 "Unmodified 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 of Shreve, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the fiscal years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Shreve, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2 for the year ended December 31, 2020 and Note 1 for the year ended December 31, 2019.

Emphasis of Matters

As described in Note 13 to the financial statements, during 2020, the Village of Shreve adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 14 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Shreve. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Village of Shreve's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Shreve's 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 of Shreve's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 18, 2021

Village of Shreve
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$45,485	\$ -	\$45,485
Municipal Income Tax	276,660	-	276,660
Intergovernmental	40,759	198,886	239,645
Special Assessments	8,714	-	8,714
Charges for Services	60	-	60
Fines, Licenses and Permits	15,044	-	15,044
Miscellaneous	12,434	159	12,593
<i>Total Cash Receipts</i>	<u>399,156</u>	<u>199,045</u>	<u>598,201</u>
Cash Disbursements			
Current:			
Security of Persons and Property	136,472	89,355	225,827
Public Health Services	3,934	-	3,934
Transportation	-	45,459	45,459
General Government	130,079	13,997	144,076
Capital Outlay	-	14,284	14,284
<i>Total Cash Disbursements</i>	<u>270,485</u>	<u>163,095</u>	<u>433,580</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	<u>(434)</u>	<u>-</u>	<u>(434)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(434)</u>	<u>-</u>	<u>(434)</u>
<i>Net Change in Fund Cash Balances</i>	128,237	35,950	164,187
<i>Fund Cash Balances, January 1</i>	<u>205,966</u>	<u>168,337</u>	<u>374,303</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$334,203</u></u>	<u><u>\$204,287</u></u>	<u><u>\$538,490</u></u>

See accompanying notes to the financial statements

Village of Shreve
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$611,071
Miscellaneous	22,501
	633,572
<i>Total Operating Cash Receipts</i>	<i>633,572</i>
Operating Cash Disbursements	
Personal Services	217,462
Contractual Services	236,878
Supplies and Materials	42,285
	496,625
<i>Total Operating Cash Disbursements</i>	<i>496,625</i>
<i>Operating Income (Loss)</i>	<i>136,947</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(4,500)
Principal Retirement	(15,829)
Interest and Other Fiscal Charges	(1,336)
Loans Issued	11,300
Other Financing Sources	1,950
Other Financing Uses	(1,768)
	(10,183)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(10,183)</i>
<i>Net Change in Fund Cash Balances</i>	<i>126,764</i>
<i>Fund Cash Balances, January 1</i>	<i>798,632</i>
<i>Fund Cash Balances, December 31</i>	<i>\$925,396</i>

See accompanying notes to the financial statements

Village of Shreve
Wayne County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 19,630
<i>Total Additions</i>	<i>\$ 19,630</i>
Deductions	
Distributions to Other Funds (Primary Gov't)	20,376
<i>Total Operating Cash Disbursements</i>	<i>20,376</i>
<i>Net Change in Fund Cash Balances</i>	<i>(746)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,153</i>
<i>Fund Cash Balances, December 31</i>	<i>1,407</i>

See accompanying notes to the financial statements

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shreve, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. Clinton Township Trustees provide fire and EMS protection services for all of Clinton Township; the Village of Shreve is located in Clinton Township.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair

The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Local Coronavirus Fund

The local coronavirus fund accounts for and reports grants from federal, state and local governments for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) between 03/01/2020-12/30/2020. The Village purchased health and safety equipment to be used to ensure employee and resident safety. Cleaning equipment/tools have been purchased for use for Village owned property and equipment. The Village also reimbursed, to the General Fund, a portion of the Public Safety Officer's gross wages from 03/27/2020-10/27/2020.

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

The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund

The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) -- fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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 Board 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.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

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. The Village had no investments.

Capital Assets

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

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.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$375,861	\$399,156	\$23,295
Special Revenue	193,412	199,046	5,634
Enterprise	541,880	646,822	104,942
Fiduciary	6,500	19,630	13,130
Total	\$1,117,653	\$1,264,653	\$147,000

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$482,184	\$277,122	\$205,062
Special Revenue	261,512	167,570	93,942
Enterprise	820,808	520,058	300,750
Fiduciary	8,600	20,376	(11,776)
Total	\$1,573,104	\$985,126	\$587,978

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Village’s deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$1,465,293
Total deposits	1,465,293

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the contracted agency, Central Collection Agency (CCA), of the Village that offers the service of full administration and collection of such municipal income tax. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit 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 coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 (the latest information available):

	2019
Assets	\$15,920,504
Liabilities	(\$11,329,011)
Members’ Equity	\$4,591,493

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan’s website, www.ohioplan.org.

HEALTH INSURANCE

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Ohio Police and Fire Retirement System

The Village’s certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Social Security

The Mayor and a Council member contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OPWC CP43P	\$113,790	0%
OPWC CT44Q	\$141,000	0%
OWDA 8393	84,940	2.92%
OWDA 8349	9,153	0%
Total	\$348,883	

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The OPWC loans relate to the water improvements for residents on South St in 2014. Loan CP43P is for the amount of \$145,264 and loan CT44Q is for the amount of \$180,000. Both loans have a 0% interest rate with a 30 year term. The Village will repay the loans in semi-annual installments of \$2,421 and \$3,000, respectively. Water and sewer receipts collateralize the loan. The Village has set utility rates sufficiently to cover the OPWC debt service requirements.

The loan for the Iron Filter Rehab at WTP, OWDA Loan 8393 initiated on 02/28/2019, was used to make necessary upgrades and repairs to the Village water treatment plant. The total amount financed for this loan is \$89,911 with a 2.92% interest rate. Payments are made semi-annually in January and July. The first payment is due 01/01/2021 and the last payment 07/01/2030; term 10 years. Water and sewer receipts collateralize the loan. The Village has set utility rates sufficiently to cover the OWDA debt service requirements.

The loan for the EPA required Asset Management Plan, OWDA loan 8349, initiated on 08/23/2018 with the project application, project completion 07/31/2020 and the date of the initial payment 01/01/2021. The total amount financed is \$10,170 with 0% interest rate over a 5-year term. Payments are made semi-annually in January and July for the amount of \$1,017. Water and sewer receipts collateralize the loan. The Village has set utility rates sufficiently to cover the OWDA debt service requirements. As stated in the Asset Management Plan, “Financial capacity- Recommend continuing the policy of increasing water rates by 3% each year as written in the current water ordinance. The ordinance states the 3% will be added without additional action by Council. Since its implementation, this policy has proved to maintain healthy fund balances without waiting until sporadic, larger increases.”

Amortization

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

Year ending December 31:	OPWC loan CP43P	OPWC loan CT44Q	OWDA 8349 Asset Management	OWDA 8393 Ironfilter Rehab
2021	\$2,421	\$6,000	\$1,017	\$5,158
2022	4,842	6,000	2,034	10,317
2023	4,842	6,000	2,034	10,317
2024	4,842	6,000	2,034	10,317
2025	4,842	6,000	2,034	10,317
2026-2030	24,210	30,000		46,423
2031-2035	24,210	30,000		
2036-2040	24,210	30,000		
2041-2044	19,371	21,000		
Total	\$113,790	\$141,000	\$9,153	\$92,849

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Related Party Transactions

A Village Council member is part owner of a company from which the Village acquired services to repair a motor for the WTP during the year. The Village paid \$1,650 for this service. A 1099NEC was issued to Kryah Enterprise DnR Electric Motor Service for the previously mentioned service.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>6,203</u>	<u>4,475</u>	<u>10,679</u>
<i>Total</i>	<u>\$6,203</u>	<u>\$4,475</u>	<u>\$10,679</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There was no effect on beginning cash balances

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that may be realized in subsequent periods, if any, cannot be determined. (customize as needed) In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Shreve
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 44,278	\$ -	\$ 44,278
Municipal Income Tax	304,781	-	304,781
Intergovernmental	37,638	244,228	281,866
Special Assessments	8,956	-	8,956
Charges for Services	510	-	510
Fines, Licenses and Permits	10,209	-	10,209
Miscellaneous	15,248	3,892	19,140
<i>Total Cash Receipts</i>	<u>421,620</u>	<u>248,120</u>	<u>669,740</u>
Cash Disbursements			
Current:			
Security of Persons and Property	225,309	-	225,309
Public Health Services	4,149	-	4,149
Transportation	-	43,445	43,445
General Government	111,282	-	111,282
Capital Outlay	-	183,047	183,047
<i>Total Cash Disbursements</i>	<u>340,740</u>	<u>226,492</u>	<u>567,232</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	(747)	-	(747)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(747)</u>	<u>-</u>	<u>(747)</u>
<i>Net Change in Fund Cash Balances</i>	80,133	21,628	101,761
<i>Fund Cash Balances, January 1</i>	<u>125,833</u>	<u>146,709</u>	<u>272,542</u>
Restricted	-	168,337	168,337
Unassigned	205,966	-	205,966
<i>Fund Cash Balances, December 31</i>	<u>\$ 205,966</u>	<u>\$ 168,337</u>	<u>\$ 374,303</u>

See accompanying notes to the financial statements

Village of Shreve
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating Cash Receipts		
Charges for Services	\$623,802	\$ -
Miscellaneous	10,766	-
<i>Total Operating Cash Receipts</i>	<u>634,568</u>	<u>-</u>
Operating Cash Disbursements		
Personal Services	195,155	-
Contractual Services	376,105	-
Supplies and Materials	56,373	-
<i>Total Operating Cash Disbursements</i>	<u>627,633</u>	<u>-</u>
<i>Operating Income (Loss)</i>	<u>6,935</u>	<u>-</u>
Non-Operating Receipts (Disbursements)		
Capital Outlay	(106,038)	-
Principal Retirement	(5,421)	-
Loans Issued	87,781	-
Other Financing Sources	3,350	16,048
Other Financing Uses	(2,535)	(14,153)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(22,863)</u>	<u>1,895</u>
<i>Net Change in Fund Cash Balances</i>	(15,928)	1,895
<i>Fund Cash Balances, January 1</i>	<u>814,560</u>	<u>258</u>
<i>Fund Cash Balances, December 31</i>	<u>\$798,632</u>	<u>\$ 2,153</u>

See accompanying notes to the financial statements

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shreve, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. Clinton Township Trustees provide fire and EMS protection services for all of Clinton Township; the Village of Shreve is located in Clinton Township.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

D. 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. The Village had no investments.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

E. 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:

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

3. Enterprise Funds

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

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

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

4. 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. The Village had no trust funds.

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

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

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

F. 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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

H. 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.

I. I. 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 AND INVESTMENTS

The Village maintains a deposit and investments 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:

	2019
Demand deposits	\$1,175,088
Total deposits	1,175,088
Total deposits and investments	\$1,175,088

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

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	374,938	421,620	\$46,682
Special Revenue	215,476	248,120	32,644
Enterprise	513,600	725,699	212,099
Fiduciary	5,000	16,048	11,048
Total	<u>\$1,109,014</u>	<u>\$1,411,487</u>	<u>\$302,473</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$433,349	\$341,487	\$91,862
Special Revenue	321,569	226,492	95,077
Enterprise	930,900	741,627	189,273
Fiduciary	5,000	14,153	(9,153)
Total	<u>\$1,690,818</u>	<u>\$1,323,759</u>	<u>\$367,059</u>

4. PROPERTY TAX

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the contracted agency, Central Collection Agency (CCA), of the Village that offers the service of full administration and collection of such municipal income tax. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OPWC CP43P	\$118,632	0%
OPWC CT44Q	147,000	0%
OWDA 8393	87,646	2.92%
OWDA 8349	135	0%
Total	\$353,413	

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

The loan for the Iron Filter Rehab at WTP, OWDA Loan 8393 initiated on 02/28/2019, was used to make necessary upgrades and repairs to the Village water treatment plant. The total amount financed at December 31, 2019 for this loan is \$87,646 with a 2.92% interest rate. Payments are made semi-annually in January and July. The first payment is due 01/01/2021 and the last payment 07/01/2030; term 10 years. Water and sewer receipts collateralize the loan. The Village has set utility rates sufficiently to cover the OWDA debt service requirements.

The loan for the EPA required Asset Management Plan, OWDA loan 8349, initiated on 08/23/2018 with the project application, project completion 07/31/2020 and the date of the initial payment 01/01/2021. The total amount financed at December 31, 2019 was \$135 with 0% interest rate over a 5-year term.

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

Year ending December 31:	OPWC loan CP43P	OPWC loan CT44Q	OWDA 8393 Ironfilter Rehab	OWDA 8349 Asset Management
2020	\$4,842	\$6,000	\$0	\$135
2021	4,842	6,000	10,317	0
2022	4,842	6,000	10,317	0
2023	4,842	6,000	10,317	0
2024	4,842	6,000	10,317	0
2025-2029	24,210	30,000	51,583	0
2030-2034	24,210	30,000	10,317	0
2035-2039	24,210	30,000	0	0
2040-2044	21,792	27,000	0	0
Total	\$118,632	\$147,000	\$103,168	\$135

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

7. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

Some Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, 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, 2019.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages respectively. The Village has paid all contributions required through December 31, 2019.

Social Security

Some of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit 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 coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019:

	<u>2019</u>
Assets	\$15,920,504
Liabilities	(\$11,329,011)
Members' Equity	<u>\$4,591,493</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, www.ohioplan.org.

Village of Shreve, Ohio
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2019

10. HEALTH INSURANCE

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Shreve, Wayne County, Ohio, as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes to the financial statements, and have issued our report thereon dated June 18, 2021, wherein we noted the Village of Shreve followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as described in Note 13 to the financial statements, during 2020, the Village of Shreve adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Additionally, as discussed in Note 14 to the financial statements for the year ended December 31, 2020, the Village of Shreve described the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Shreve's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Shreve's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Shreve's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 of Shreve's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The Village of Shreve's Response to Finding

The Village of Shreve's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Village of Shreve's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Shreve's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Shreve's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.

June 18, 2021

VILLAGE OF SHREVE
WAYNE COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

In order to properly state financial statement amounts, certain adjustments were made to the Village's financial statements and related notes for the years-ended December 31, 2020 and 2019.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

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

**VILLAGE OF SHREVE
WAYNE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2015	<u>Material Weakness - Financial Reporting</u> - The presentation of a materially correct financial statement and related notes is the responsibility of management and is an important part of the Village's overall purpose. Financial reporting requires internal controls to help ensure the accuracy of the activity reported. Certain adjustments were posted to the audited financial statement to make them materially correct.	Not Corrected	Repeated as finding 2020-001
2018-002	2013	<u>Noncompliance and Material Weakness – Fund Balance Adjustments</u> – The Village made unallowable payments from the Mayor's Court Fund which should have been made from the General Fund. Certain amounts were adjusted to the Village's accounting system and financial statements.	Fully Corrected	N/A
2018-003	2015	<u>Noncompliance and Material Weakness</u> – The Village did not perform certain procedures necessary to properly verify and reconcile income tax collections.	No Longer Applicable	The Village now contracts with CCA for income tax collection.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SHREVE

WAYNE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/29/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov