



Certified Public Accountants, A.C.

**VILLAGE OF WILLSHIRE
VAN WERT COUNTY
Regular Audit
For the Years Ended December 30, 2016 and 2015**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417



Dave Yost • Auditor of State

Village Council
Village of Willshire
PO Box 110 315 State Street
Willshire, OH 45898

We have reviewed the *Independent Auditor's Report* of the Village of Willshire, Van Wert County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code Section 117.28 authorizes the Auditor of State to report a *finding for recovery* in audit reports when legal action may be appropriate to recover public money or property. Ohio Rev. Code Section 117.01(C) defines *public money* as "any money received, collected by, or due a public official under color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of the public office." Under Ohio Rev. Code Sections 9.24(H)(3) and 117.28, a finding for recovery may exist for public money due but has not been collected.

Records indicated that an outstanding balance for utilities received by Council Member, Bryan Hess, occurred sporadically, as far back as November of 2013. There is a current outstanding balance of \$194 that is due to the Village of Willshire for utilities received.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies due that have not been collected is hereby issued against Council Member, Bryan Hess, in the amount of \$194, and in favor of the Village of Willshire. Bryan Hess's bonding company is Ohio Plan Risk Management.

The outstanding utility balance for Bryan Hess was repaid on November 1, 2018, with check #483 in the amount of \$194.11

Village Council
Village of Willshire
PO Box 110 315 State Street
Willshire, OH 45898
Page -2-

Finding for Recovery – Repaid Under Audit

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Records indicated that an outstanding balance for utilities received by the Mayor, Amos Stauffer occurred sporadically as far back as January of 2012. There is a current outstanding balance of \$735 that is due to the Village of Willshire for utilities received by the Mayor.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies due that have not been collected is hereby issued against the Mayor, Amos Stauffer, in the amount of \$735, and in favor of the Village of Willshire. Amos Stauffer's bonding company is Ohio Plan Risk Management.

The outstanding utility balance for Amos Stauffer was repaid to the Village on October 5, 2018, with check #1158 in the amount of \$735.76.

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 Willshire is responsible for compliance with these laws and regulations.



Dave Yost
Auditor of State

December 27, 2018

VILLAGE OF WILLSHIRE
VAN WERT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2016.....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2016.....	4
Notes to the Financial Statements 2016.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2015.....	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2015.....	14
Notes to the Financial Statements 2015.....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Audit Findings.....	25

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INDEPENDENT AUDITOR'S REPORT

September 7, 2018

Village of Willshire
Van Wert County
323 State Street
P.O. Box 110
Willshire, Ohio 45898

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Willshire**, Van Wert County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

www.perrycpas.com

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Willshire, Van Wert County as of December 31, 2016 and 2015, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF WILLSHIRE
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 27,327	\$ 7,799	\$ -	\$ 35,126
Municipal Income Tax	67,138	-	-	67,138
Intergovernmental	24,414	34,061	-	58,475
Charges for Services	-	22,161	-	22,161
Fines, Licenses and Permits	2,814	-	-	2,814
Earnings on Investments	1,065	159	-	1,224
Miscellaneous	1,953	4,151	-	6,104
Total Cash Receipts	<u>124,711</u>	<u>68,331</u>	<u>-</u>	<u>193,042</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	26,122	-	26,122
Public Health Services	2,336	5,463	-	7,799
Leisure Time Activities	323	-	-	323
Transportation	-	16,580	-	16,580
General Government	64,386	159	-	64,545
Total Cash Disbursements	<u>67,045</u>	<u>48,324</u>	<u>-</u>	<u>115,369</u>
Excess of Receipts Over (Under) Disbursements	<u>57,666</u>	<u>20,007</u>	<u>-</u>	<u>77,673</u>
Other Financing Receipts (Disbursements)				
Transfers In	11,013	9,700	-	20,713
Transfers Out	(9,700)	(11,013)	-	(20,713)
Total Other Financing Receipts (Disbursements)	<u>1,313</u>	<u>(1,313)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	58,979	18,694	-	77,673
<i>Fund Cash Balance, January 1</i>	<u>136,295</u>	<u>181,506</u>	<u>1,001</u>	<u>318,802</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	1,001	1,001
Restricted	-	200,200	-	200,200
Assigned	136,784	-	-	136,784
Unassigned	58,490	-	-	58,490
<i>Fund Cash Balance, December 31</i>	<u>\$ 195,274</u>	<u>\$ 200,200</u>	<u>\$ 1,001</u>	<u>\$ 396,475</u>

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

VILLAGE OF WILLSHIRE
VAN WERT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 344,550
Total Operating Cash Receipts	<u>344,550</u>
Operating Cash Disbursements	
Personal Services	58,949
Employee Fringe Benefits	7,616
Contractual Services	69,804
Supplies and Materials	83,331
Other	<u>100</u>
Total Operating Cash Disbursements	<u>219,800</u>
Operating Income	<u>124,750</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	764
Capital Outlay	(35,340)
Principal Retirement	(64,600)
Interest and Other Fiscal Charges	<u>(11,065)</u>
Total Non-Operating Receipts (Disbursements)	<u>(110,241)</u>
Net Change in Fund Cash Balances	14,509
Fund Cash Balance, January 1	<u>206,665</u>
Fund Cash Balance, December 31	<u><u>\$ 221,174</u></u>

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

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Willshire (the Village), Van Wert County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities with a three member publicly elected Board of Public Affairs. The Village appropriates general fund money to support the volunteer fire department.

Public Entity Risk Pools

The Village participates in public entity risk pools. Notes 6 and 9 to the financial statements provides additional information for these entities. 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 which are 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 This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing village streets.

State Highway This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways in the village.

Permissive Motor Vehicle License Tax This fund receives permissive vehicle tax money for constructing, maintaining, and repairing village streets.

Fire Fund This fund receives a property tax levy to support a volunteer fire department and to provide fire protection services.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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.

Water Capital Improvement Fund Used to pay current water debt services and start to save and plan for needed improvements for the future.

Water Repair/Replacement Fund Used for the repair and replacement of water equipment and infrastructure.

Water Emergency Reserve Fund Used to operate the water system for 90 days in case of a true emergency, not poor planning. Funded by the Water Fund with payments to maintain 90 days of expenses.

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

Sewer Capital Improvement Fund Used to pay current sewer debt services and start to save and plan for needed improvements for the future.

Sewer Repair/Replacement Fund Used for the repair and replacement of sewer equipment and infrastructure.

Sewer Emergency Reserve Fund Used to operate the sewer system for 90 days in case of a true emergency, not poor planning. Funded by the sewer Fund with payments to maintain 90 days of expenses.

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 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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. 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 2016 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 checking account is located at The Peoples Bank Co in Rockford, Ohio. The Village also has a Certificate of Deposit and savings account at the Peoples Bank Co in Rockford, Ohio.

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.

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.

Village of Willshire
 Van Wert County
 Notes to the Financial Statements
 For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,396	\$ 135,724	\$ 28,328
Special Revenue	77,533	78,031	498
Enterprise	350,250	345,314	(4,936)
Total	\$ 535,179	\$ 559,069	\$ 23,890

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 102,561	\$ 77,231	\$ 25,330
Special Revenue	98,188	59,581	38,607
Enterprise	370,528	332,487	38,041
Total	\$ 571,277	\$ 469,299	\$ 101,978

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits

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

	2016
Demand deposits	\$ 592,200
Certificates of deposit	24,412
Other time deposits (savings and NOW accounts)	1,037
Total deposits	<u>\$ 617,649</u>

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; The Village's Certificate of Deposit is valued at cost.

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (Continued)

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members’ Equity	<u>\$ 5,234,206</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. 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, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2017</i>	<i>10%</i>	<i>14%</i>

Social Security

The Village Fire Chief 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, 2016.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
USDA/RD Water Fund	\$165,500	4.75%
OWDA Sewer Fund	19,553	2%
OWDA Water Fund	82,576	2%
OPWC Water Fund	29,705	0%
Total	\$297,334	

The Ohio Water Development Authority (OWDA) loan 2920 is for the updating of the Village's sewer facilities. The loan was authorized May 25, 1990, with the first payment due June 1, 1992 and payable in semi-annual installments of \$19,932 which includes interest, with revenues generated from sewer billings over a period of 25 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the sewer fund.

The Ohio Water Development Authority (OWDA) loan 2921 is for construction of a new water plant facility. The loan was authorized January 29, 1998, with the first payment due June 1, 1999 and payable in semi-annual installments of \$5,987 which includes interest, with revenues generated from water billings over a period of 25 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

The Ohio Public Works Commission loan is for construction of a new water plant facility. The loan was authorized July 1, 1996, with the first payment due July 1, 1999 and payable in semi-annual installments of \$5,951, with revenues generated from water billings over a period of 20 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

The USDA/RD loan is for construction of a new water plant facility and is considered as mortgage revenue bonds. The loan was authorized March 8, 1999, with the first payment due March 1, 2000 and payable in annual installments with revenues generated from water billings over a period of 40 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

Amortization

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

Year Ending December 31:	OWDA 2920	OWDA 2921	OPWC	USDA
2017	\$ 19,932	\$ 11,973	\$ 11,882	\$ 12,099
2018	-	11,973	11,882	12,079
2019	-	11,973	5,941	12,059
2020	-	11,973	-	12,039
2021	-	11,973	-	12,019
2022-2026	-	23,946	-	60,295
2027-2031	-	-	-	60,395
2032-2036	-	-	-	60,385
2037-2039	-	-	-	35,929
Total	\$ 19,932	\$ 83,811	\$ 29,705	\$ 277,299

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – 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 10 – 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.

Note 11 - Transfers

During 2016, the following transfers were made. The FEMA Fund received FEMA revenue that was originally spent out of the General Fund. This reimbursement receipt was recorded in the FEMA Fund and properly transferred to the General Fund. Transfers were determined to be allowable and in compliance with the Ohio Revised Code.

	Transfers - In	Transfers - Out
General Fund	\$ 11,013	\$ (9,700)
FEMA Fund	-	(11,013)
Fire Fund	9,700	-
	\$ 20,713	\$ (20,713)

Note 12 - Postemployment Benefits

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.

**VILLAGE OF WILLSHIRE
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 29,535	\$ 8,432	\$ -	\$ 37,967
Municipal Income Tax	58,339	-	-	58,339
Intergovernmental	23,568	31,992	-	55,560
Charges for Services	-	21,196	-	21,196
Fines, Licenses and Permits	2,446	-	-	2,446
Earnings on Investments	286	51	-	337
Miscellaneous	24,423	8,091	-	32,514
Total Cash Receipts	<u>138,597</u>	<u>69,762</u>	<u>-</u>	<u>208,359</u>
Cash Disbursements				
Current:				
Security of Persons and Property	13,030	33,066	-	46,096
Public Health Services	1,264	5,473	-	6,737
Leisure Time Activities	852	-	-	852
Transportation	-	23,313	-	23,313
General Government	76,476	317	-	76,793
Capital Outlay	-	14,039	-	14,039
Total Cash Disbursements	<u>91,622</u>	<u>76,208</u>	<u>-</u>	<u>167,830</u>
Excess of Receipts Over Disbursements	<u>46,975</u>	<u>(6,446)</u>	<u>-</u>	<u>40,529</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	9,700	-	9,700
Transfers Out	<u>(9,700)</u>	<u>-</u>	<u>-</u>	<u>(9,700)</u>
Total Other Financing Receipts (Disbursements)	<u>(9,700)</u>	<u>9,700</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	37,275	3,254	-	40,529
<i>Fund Cash Balance, January 1</i>	<u>99,020</u>	<u>178,252</u>	<u>1,001</u>	<u>278,273</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	1,001	1,001
Restricted	-	181,506	-	181,506
Assigned	380	-	-	380
Unassigned	<u>135,915</u>	<u>-</u>	<u>-</u>	<u>135,915</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 136,295</u>	<u>\$ 181,506</u>	<u>\$ 1,001</u>	<u>\$ 318,802</u>

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

**VILLAGE OF WILLSHIRE
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 351,949
Total Operating Cash Receipts	351,949
Operating Cash Disbursements	
Personal Services	46,626
Employee Fringe Benefits	38,532
Contractual Services	74,788
Supplies and Materials	63,673
Total Operating Cash Disbursements	223,619
Operating Income	128,330
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	1,300
Capital Outlay	(42,758)
Principal Retirement	(63,544)
Interest and Other Fiscal Charges	(12,203)
Total Non-Operating Receipts (Disbursements)	(117,205)
Net Change in Fund Cash Balances	11,125
Fund Cash Balance, January 1	195,540
Fund Cash Balance, December 31	\$ 206,665

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

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Willshire (the Village), Van Wert County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities with a three member publicly elected Board of Public Affairs. The Village appropriates general fund money to support the volunteer fire department.

Public Entity Risk Pools

The Village participates in public entity risk pools. Notes 6 and 9 to the financial statements provides additional information for these entities. 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 which are 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 This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing village streets.

State Highway This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways in the village.

Permissive Motor Vehicle License Tax This fund receives permissive vehicle tax money for constructing, maintaining, and repairing village streets.

Fire Fund This fund receives a property tax levy to support a volunteer fire department and to provide fire protection services.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Water Capital Improvement Fund Used to pay current water debt services and start to save and plan for needed improvements for the future.

Water Repair/Replacement Fund Used for the repair and replacement of water equipment and infrastructure.

Water Emergency Reserve Fund Used to operate the water system for 90 days in case of a true emergency, not poor planning. Funded by the Water Fund with payments to maintain 90 days of expenses.

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

Sewer Capital Improvement Fund Used to pay current sewer debt services and start to save and plan for needed improvements for the future.

Sewer Repair/Replacement Fund Used for the repair and replacement of sewer equipment and infrastructure.

Sewer Emergency Reserve Fund Used to operate the sewer system for 90 days in case of a true emergency, not poor planning. Funded by the sewer Fund with payments to maintain 90 days of expenses.

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 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2015 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 checking account is located at The Peoples Bank Co in Rockford, Ohio. The Village also has a Certificate of Deposit and a savings account at the Peoples Bank Co in Rockford, Ohio.

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.

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*. 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.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 104,345	\$ 138,597	\$ 34,252
Special Revenue	87,586	79,462	(8,124)
Enterprise	350,250	353,249	2,999
Total	\$ 542,181	\$ 571,308	\$ 29,127

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 107,412	\$ 101,702	\$ 5,710
Special Revenue	80,379	76,374	4,005
Enterprise	353,863	343,370	10,493
Total	\$ 541,654	\$ 521,446	\$ 20,208

Note 4 – Deposits

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

Demand deposits	\$ 500,103
Certificates of deposit	24,339
Other time deposits (savings and NOW accounts)	1,025
Total deposits	\$ 525,467

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; The Village's Certificate of Deposit is valued at cost.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 6 - Risk Management (Continued)

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	2015
Assets	\$14,643,667
Liabilities	(9,112,030)
Members' Equity	\$5,531,637

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. 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, 2015.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2017</i>	<i>10%</i>	<i>14%</i>

Social Security

The Village Fire Chief 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, 2015.

Note 8 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
USDA/RD Water Fund	\$ 169,400	4.75%
OWDA Sewer Fund	58,251	2.00%
OWDA Water Fund	92,696	2.00%
OPWC Water Fund	41,587	0.00%
Total	\$ 361,934	

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loan 2920 is for the updating of the Village’s sewer facilities. The loan was authorized May 25, 1990, with the first payment due June 1, 1992 and payable in semi-annual installments of \$19,932 which includes interest, with revenues generated from sewer billings over a period of 25 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the sewer fund.

The Ohio Water Development Authority (OWDA) loan 2921 is for construction of a new water plant facility. The loan was authorized January 29, 1998, with the first payment due June 1, 1999 and payable in semi-annual installments of \$5,987 which includes interest, with revenues generated from water billings over a period of 25 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

The Ohio Public Works Commission loan is for construction of a new water plant facility. The loan was authorized July 1, 1996, with the first payment due July 1, 1999 and payable in semi-annual installments of \$5,951, with revenues generated from water billings over a period of 20 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

The USDA/RD loan is for construction of a new water plant facility and is considered as mortgage revenue bonds. The loan was authorized March 8, 1999, with the first payment due March 1, 2000 and payable in annual installments with revenues generated from water billings over a period of 40 years. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date. Payments were made out of the water fund.

Amortization

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

Year Ending December 31:	OWDA 2920	OWDA 2921	OPWC	USDA
2016	\$ 39,864	\$ 11,973	\$ 11,882	\$ 12,011
2017	19,932	11,973	11,882	12,099
2018	-	11,973	11,882	12,079
2019	-	11,973	5,941	12,059
2020	-	11,973	-	12,039
2021-2025	-	35,919	-	60,295
2026-2030	-	-	-	60,395
2031-2035	-	-	-	60,385
2036-2039	-	-	-	48,028
Total	\$ 59,796	\$ 95,784	\$ 41,587	\$ 289,390

Note 9 – 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.

Village of Willshire
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 10 – 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.

Note 11 - Postemployment Benefits

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.



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

September 7, 2018

Village of Willshire
Van Wert County
323 State Street
P.O. Box 110
Willshire, Ohio 45898

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the **Village of Willshire**, Van Wert County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 7, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 7, 2018.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF WILLSHIRE
VAN WERT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund Balances should be properly Classified based on Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2016 and 2015, several receipts, disbursements, and fund balances were not posted to accurate classifications. The following posting errors were noted:

- Budget carryover for the General Fund should have been classified as Assigned instead of Unassigned in 2016 and 2015;
- Modifications to the footnote disclosures were necessary as a result of errors in financial reporting and to ensure all appropriate footnote disclosures are presented;
- Duplicate receipts were posted to the accounting system in 2015 and not corrected on the Village's bank reconciliation at the end of 2015 or 2016;
- Rollback receipts were not properly distributed between the General and Fire funds in 2016; and
- Debt payments were not always properly distributed to principal and interest in the Water Operating and Waste Water Operating Funds in 2016.

Not posting revenues, disbursements, and fund balances accurately resulted in the financial statements and notes requiring several reclassifications, adjustments, and modifications. The Village has made all adjustments to its accounting system. The accompanying financial statements and notes reflect all reclassifications, adjustments, and modifications.

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

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts. In addition, the Fiscal Officer should refer to the Auditor of State Technical Bulletin 2011-004 for information on fund balance classifications.

Management's Response – We did not receive a response from management to the finding above.

**VILLAGE OF WILLSHIRE
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002

Material Weakness

Segregation of Duties and Monitoring of Adjustments and Delinquent Water and Sewer Accounts

Effective controls over utility collection, delinquent accounts, and adjustments are critical for the Village to help ensure customer payments are properly collected, recorded, and deposited and proper controls are present to safeguard the funds.

During testing of the Village's utilities, we noted the following:

- The Village Water and Sewer Board is responsible for monitoring water and sewer services provided to Village residents. They receive financial information from the Utilities Clerk at their monthly meetings, however, appropriate actions were not taken regarding outstanding customer accounts. Delinquent accounts were allowed to remain in delinquency with no action taken by the Village for water or sewer accounts.
- The Village Water and Sewer Board was not presented with and did not review an adjustment report relating to customer billings. The Village Clerk would contact Water and Sewer Board Members when adjustments were needed in which they could give verbal consent. However, no supporting documentation was ever provided or evidence of approval. This could result in an increased risk of the Village not receiving monies owed for water and sewer utilities. Also, inappropriate adjustments are more likely to occur without proper approval from the Water and Sewer Board prior to an adjustments being made.
- The Water and Sewer Board did not have a formal policy regarding utility bill adjustments or delinquencies that was being followed.
- The Village Clerk received the utility payments, deposited the collections, and recorded the amounts collected to the utility system and accounting system.

Failure to monitor delinquent accounts, monitor adjustments, and segregate the utility collection process as well as follow Village policy 1) reduces the accountability over Village funds, 2) reduces the Water Board's ability to monitor water and sewer activity and make informed financial decisions, and 3) increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the Village Officials and management implement the following:

- Establish a formal policy and related procedures to address identification, authorization, recording and documentation of adjustments to utility customer accounts.
- The Water and Sewer Board should review and approve all adjustments to utility accounts.
- Adequately document and approve all adjustments to customer accounts.
- Ensure adjustment calculations are accurate.
- The Village Utilities Clerk should provide, at least, a summary of delinquent account information to the Water and Sewer Board monthly and a complete list of all delinquent accounts quarterly.
- Monitor and enforce a delinquent policy for delinquent water and sewer accounts and shut off the water or assess the taxes of account holders who remain delinquent for a period of time.
- Ensure proper segregation of duties are present in the utility collection process

Management's Response – We did not receive a response from management to the finding above.



Dave Yost • Auditor of State

VILLAGE OF WILLSHIRE

VAN WERT 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
JANUARY 8, 2019