



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WILLSHIRE
VAN WERT COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Willshire
Van Wert County
110 State Street
PO 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 for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Willshire, Van Wert County, Ohio (the Village).

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 such 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.

Efficient • Effective • Transparent

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, 2020 and 2019, and the respective changes in financial position 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 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, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2021

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VILLAGE OF WILLSHIRE, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Taxes	\$34,009	\$8,509		\$42,518
Municipal Income Tax	55,160			55,160
Intergovernmental	24,662	75,086		99,748
Charges for Services		22,300		22,300
Fines, Licenses and Permits	3,484			3,484
Earnings on Investments	2,680	466		3,146
Miscellaneous	11,330	3,306		14,636
<i>Total Cash Receipts</i>	<u>131,325</u>	<u>109,667</u>		<u>240,992</u>
Cash Disbursements				
Current:				
Security of Persons & Property	4,000	67,270		71,270
Public Health Services		13,757		13,757
Leisure Time Activities	5,239			5,239
Transportation		21,884		21,884
General Government	106,895	10,609		117,504
Capital Outlay		1,315		1,315
<i>Total Cash Disbursements</i>	<u>116,134</u>	<u>114,835</u>		<u>230,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	15,191	(5,168)		10,023
Other Financing Receipts (Disbursements)				
Advance Out	(60,000)			(60,000)
Total Other Financing Receipts (Disbursements)	<u>(60,000)</u>			<u>(60,000)</u>
Net Change in Fund Cash Balances	(44,809)	(5,168)		(49,977)
<i>Fund Cash Balances, January 1</i>	<u>207,760</u>	<u>229,532</u>	<u>\$1,001</u>	<u>438,293</u>
<i>Fund Cash Balances, December 31</i>	<u>\$162,951</u>	<u>\$224,364</u>	<u>\$1,001</u>	<u>\$388,316</u>

See accompanying notes to the financial statements.

VILLAGE OF WILLSHIRE, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$237,142
<i>Total Operating Cash Receipts</i>	237,142
Operating Cash Disbursements	
Personal Services	47,101
Fringe Benefits	7,014
Contractual Services	89,696
Supplies and Materials	129,346
Other	186
<i>Total Operating Cash Disbursements</i>	273,343
<i>Operating Income (Loss)</i>	(36,201)
Non-Operating Receipts (Disbursements)	
Special Assessments	18,185
Miscellaneous Receipts	3,815
Capital Outlay	(15,781)
Principal Retirement	(22,897)
Interest and Other Fiscal Charges	(1,020)
Other Financing Uses	(1,818)
<i>Total Non-Operating Receipts (Disbursements)</i>	(19,516)
<i>Income (Loss) before Advances</i>	(55,717)
Advances In	60,000
<i>Net Change in Fund Cash Balance</i>	4,283
<i>Fund Cash Balances, January 1</i>	290,470
<i>Fund Cash Balances, December 31</i>	\$294,753

See accompanying notes to the financial statements.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Willshire, 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 and with a three member publicly elected Board of Public Affairs. The Village appropriates general fund money to support for a volunteer fire department.

Public Entity Risk Pools

The Village participates in public entity risk pools. Notes 8 and 12 to the financial statements provide 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:

1. 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.

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 Funds:

Street Construction, Maintenance and Repair Fund - 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.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Fire Fund – This fund receives money to support a volunteer fire department and to provide fire protection services.

3. 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 government 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.

4. Enterprise Funds

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

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

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

Waste Water Operating Fund- This fund receives charges for services from residents to cover the cost of providing this utility.

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.

Budgetary Process

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

1. Appropriations

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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) as of January 1. The County Budget Commission must approve estimated resources

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village had no encumbrances at year end.

A summary of 2020 budgetary activity appears on Note 4.

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 one Certificate of Deposit and a savings account at The Peoples Bank Co, 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. 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 Village and the nonexpendable portion of the corpus in permanent funds.

Village of Willshire, Ohio
Van Wert 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 13

Note 3 - Compliance

Contrary to Ohio law, the Council did not approve the appropriation measure for 2020 and due to this expenditures exceeded appropriations.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,510	\$131,325	\$2,815
Special Revenue	112,179	109,667	(2,512)
Enterprise	302,650	319,142	16,492
Permanent			
Total	\$543,339	\$560,134	\$16,795

Village of Willshire, Ohio
Van Wert 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	\$0	\$178,009	(\$178,009)
Special Revenue	0	115,933	(115,933)
Enterprise	0	321,206	(321,206)
Total	\$0	\$615,148	(\$615,148)

Note 5 – Deposits and Investments

The Village maintains a deposit 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:

	2020
Demand deposits	\$656,828
Certificates of deposit	25,143
Other time deposits (savings and NOW accounts)	1,098
Total deposits	\$683,069

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 6 – 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.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Interfund Balances

Outstanding advance at December 31, 2020, consisted of \$60,000 advanced to the Water fund from the General fund to provide working capital for operations or projects.

Note 8 - 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. 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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, 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, 2020.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

The Fire Chief contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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 10 - Postemployment Benefits

Both OPERS offers cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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.

Note 11 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal Outstanding
USDA / RD Water Fund Bonds	\$147,800
OPWC CT50T Loan	74,936
OWDA Water Fund Loan	40,033
KS State Bank Government Obligation	45,470
Total	\$308,239

The Ohio Water Development Authority (OWDA) loan 2921 is for construction of a new water treatment 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 and General fund.

The Ohio Public Works Commission loan is for construction of a new water treatment plant facility. The loan was authorized July 1, 1996 for \$237,639, with the first payment due July 1, 1999 and payable in semiannual 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 for \$209,000, 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 of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 authorized loan CT 50T for Green and Various Street Improvements. The loan was authorized July 1, 2016 for \$78,881, with the first payment due January 1, 2019 and payable in semiannual installments of \$1,315, over a period of 30 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 Permissive Motor Vehicle License Tax fund and General fund.

The Village entered into a government obligation contract with KS State Bank for the purchase of new water meters. The contract is dated as of July 1, 2019 with an original balance of \$55,380. The first payment was due January 1, 2020 and is payable in semiannual installments of \$6,408.01 for a period of 5 years. Payments were made out of the General fund.

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

Year Ending December 31:	OWDA	OPWC	USDA	KS State	Total
2021	\$11,973	\$2,629	\$12,021	\$12,816	\$39,439
2022	11,973	2,629	11,983	12,816	39,401
2023	11,973	2,629	11,936	12,816	39,354
2024	5,987	2,629	11,980	12,816	33,412
2025		2,629	12,009		14,638
2026-2030		13,147	59,908		73,055
2031-2035		13,147	59,922		73,069
2036-2040		13,147	47,892		61,039
2041-2045		13,147			13,147
2046-2049		9,203			9,203
	\$41,906	\$74,936	\$227,651	\$51,264	\$395,757

Note 12 – 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, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – 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:

Fund Balances	General
Outstanding Encumbrances	1,875
<i>Total</i>	\$1,875

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.

Note 14 – COVID-19 Pandemic

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. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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VILLAGE OF WILLSHIRE, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Taxes	\$21,604	\$8,890		\$30,494
Municipal Income Tax	67,991			67,991
Intergovernmental	25,423	27,414		52,837
Charges for Services		24,475		24,475
Fines, Licenses and Permits	4,244			4,244
Earnings on Investments	5,973	912		6,885
Miscellaneous	2,499	2,211		4,710
<i>Total Cash Receipts</i>	<u>127,734</u>	<u>63,902</u>		<u>191,636</u>
Cash Disbursements				
Current:				
Security of Persons & Property	11,096	32,564		43,660
Public Health Services	866	9,772		10,638
Transportation		17,028		17,028
General Government	140,806	393		141,199
<i>Total Cash Disbursements</i>	<u>152,768</u>	<u>59,757</u>		<u>212,525</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,034)	4,145		(20,889)
<i>Fund Cash Balances, January 1</i>	<u>232,794</u>	<u>225,387</u>	<u>\$1,001</u>	<u>459,182</u>
Fund Cash Balances, December 31				
Restricted		229,532	1,001	230,533
Unassigned	207,760			207,760
<i>Fund Cash Balances, December 31</i>	<u>\$207,760</u>	<u>\$229,532</u>	<u>\$1,001</u>	<u>\$438,293</u>

See accompanying notes to the financial statements.

VILLAGE OF WILLSHIRE, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2019

	Enterprise
Operating Cash Receipts	
Charges for Services	\$298,265
<i>Total Operating Cash Receipts</i>	298,265
 Operating Cash Disbursements	
Personal Services	31,609
Fringe Benefits	8,348
Contractual Services	61,329
Supplies and Materials	68,726
Other	186
<i>Total Operating Cash Disbursements</i>	170,198
 <i>Operating Income</i>	128,067
 Non-Operating Receipts (Disbursements)	
Special Assessments	21,295
Miscellaneous Receipts	1,324
Loans Issued	55,380
Capital Outlay	(55,380)
Principal Retirement	(27,274)
Interest and Other Fiscal Charges	(2,703)
Other Financing Uses	(2,129)
<i>Total Non-Operating Receipts (Disbursements)</i>	(9,487)
 <i>Net Change in Fund Cash Balance</i>	118,580
 <i>Fund Cash Balances, January 1</i>	171,890
 <i>Fund Cash Balances, December 31</i>	\$290,470

See accompanying notes to the financial statements.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Willshire 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 and with a three member publicly elected Board of Public Affairs. The Village appropriates general fund money to support for a volunteer fire department.

Public Entity Risk Pools

The Village Participates in public entity risk pools. Notes 7 and 11 to the financial statements provide 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:

1. 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.

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 Funds:

Street Construction, Maintenance and Repair Fund - 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

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

constructing, maintaining and repairing village streets.

Fire Fund - This fund receives money to support a volunteer fire department and to provide fire protection services.

3. 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 government 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.

4. Enterprise Funds

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

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

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

Waste Water Operating Fund- This fund receives charges for services from residents to cover the cost of providing this utility.

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.

Budgetary Process

The Ohio Revised Code requires that each fund 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

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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) as of January 1. The County Budget Commission must approve estimated resources

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village had no encumbrances at year end.

A summary of 2019 budgetary activity appears on Note 4.

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 one Certificate of Deposit and a savings account at The Peoples Bank Co, 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.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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 - Compliance

Contrary to Ohio law, the Council did not approve amendments to budgetary amounts that were made in the system or filed with the County during 2019.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$168,269	\$127,734	(\$40,535)
Special Revenue	62,896	63,902	1,006
Enterprise	347,301	376,264	28,963
Permanent	0	0	0
Total	\$578,466	\$567,900	(\$10,566)

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,039	\$154,643	\$51,396
Special Revenue	101,216	60,855	40,361
Enterprise	231,150	264,031	(32,881)
Permanent	0	0	0
Total	\$538,405	\$479,529	\$58,876

Note 5 – Deposits and Investments

The Village maintains a deposit 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	\$702,832
Certificates of deposit	24,867
Other time deposits (savings and NOW accounts)	1,064
Total deposits	\$728,763

Deposits are insured by 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 6 – 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

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

taxes quarterly and file a declaration annually.

Note 7 - 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. 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 equity at December 31, 2019.

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

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

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

Social Security

The Fire Chief contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Note 9 - Postemployment Benefits

Both OPERS offers cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal Outstanding
USDA / RD Water Fund Bonds	\$152,500
OPWC CT50T Loan	76,251
OWDA Water Fund Loan	50,987
KS State Bank Government Obligation	55,380
Total Debt	\$335,118

The Ohio Water Development Authority (OWDA) loan 2921 is for construction of a new water treatment 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 and General fund.

The Ohio Public Works Commission loan is for construction of a new water treatment plant facility. The loan was authorized July 1, 1996 for \$237,639, with the first payment due July 1, 1999 and payable in semiannual 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 for \$209,000, 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.

The Ohio Public Works Commission authorized loan CT 50T for Green and Various Street Improvements. The loan was authorized July 1, 2016 for \$78,881, with the first payment due January 1, 2019 and payable

Village of Willshire, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

in semiannual installments of \$1,315, over a period of 30 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 Permissive Motor Vehicle License Tax fund and General fund.

The Village entered into a government obligation contract with KS State Bank for the purchase of new water meters. The contract is dated as of July 1, 2019 with an original balance of \$55,380. The first payment is due January 1, 2020 and is payable in semiannual installments of \$6,408.01 for a period of 5 years.

Amortization

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

Year Ending December 31:	USDA	OPWC	OWDA	KS State	Total
2020	\$11,944	\$1,315	\$11,973	\$12,816	\$38,048
2021	12,021	2,629	11,973	12,816	39,439
2022	11,983	2,629	11,973	12,816	39,401
2023	11,936	2,629	11,973	12,816	39,354
2024	11,980	2,629	5,987	12,816	33,412
2025-2029	59,866	13,147			73,013
2030-2034	59,993	13,147			73,140
2035-2039	59,872	13,147			73,019
2040-2044		13,147			13,147
2045-2049		11,832			11,832
	<u>\$239,595</u>	<u>\$76,251</u>	<u>\$53,879</u>	<u>\$64,080</u>	<u>\$433,805</u>

Note 11 – 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.

OHIO AUDITOR OF STATE KEITH FABER



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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

Village of Willshire
Van Wert County
110 State Street
PO 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 for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Willshire, Van Wert County, (the Village) and have issued our report thereon dated November 30, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001, 2020-002 and 2020-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2020-003.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2021

**VILLAGE OF WILLSHIRE
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

Material Weakness – Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

The Village completed bank to book reconciliations for each month during 2020 and 2019 on the UAN accounting system. The Village's monthly bank reconciliations for the period of January 1, 2019 through December 31, 2020 contained reconciling items that were erroneously included as outstanding receipts and payments in order to reconcile each month. After removing inaccurate reconciling items, the reconciled bank balances as of December 31, 2020 were lower than the books by \$2,104 and as of December 31, 2019 were lower than the books by \$353.

Failure to accurately reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented, and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2020-002

Material Weakness – Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Ohio Rev. Code § 733.28 states, in part, that the Village Clerk shall keep the books of the Village, exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived therefrom, and of all taxes and assessments. Additionally, Ohio Admin. Code § 117-2-02(A) states, in part, that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report the transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village did not properly classify various transactions due to lack of proper procedures in place for recording activity and the lack of proper reviewing and monitoring procedures of financial information.

The following errors were noted on the Village's annual reports:

In 2020, property taxes, homestead and rollback and special assessments were misposted. Adjustments were made in the General fund to decrease property taxes by \$5,714 and increase intergovernmental revenue by \$4,792. In the Fire fund, adjustments were made to decrease property taxes by \$943 and increase intergovernmental revenue by \$1,865. In the Water fund, adjustments were made to decrease charges for services by \$3,653 and decrease contractual service expenses by \$365. In the Waste Water Operating fund, adjustments were made to increase other financing uses by \$1,818, decrease contract service expenses by \$3,764, decrease miscellaneous non-operating revenues by \$16,843 and increase special assessments by \$18,185.

In 2020, the Village did not properly distribute their Bureau of Workers Compensation rebates. This resulted in the following adjustments:

- Increase General fund miscellaneous revenue by \$8,035
- Decrease Tree fund miscellaneous revenue by \$8,960
- Increase Fire fund miscellaneous revenue by \$918
- Increase Street Construction Maintenance and Repair fund miscellaneous revenue by \$370
- Increase State Highway fund miscellaneous revenue by \$61
- Decrease Water fund miscellaneous non-operating revenue by \$1,261
- Increase Waste Water Operating fund miscellaneous non-operating revenue by \$837

In 2020, principal and interest payments in the amount of \$9,910 and \$2,906, respectively, in the General fund were improperly posted as repair and maintenance expenses.

In 2019, property taxes and special assessments were misposted. An adjustment was made to decrease property taxes in the General fund by \$7,209, increase general government expense by \$382, and increase public health expense by \$866. In the Fire fund, an adjustment was made to decrease property taxes by \$3,154 and increase general government expense by \$162. In the Waste Water Operating fund, an adjustment was made to increase special assessments by \$21,295, increase other financing uses by \$2,129, decrease charges for services by \$8,214 and decrease materials and supplies by \$821.

In 2019, homestead and rollback receipts were misposted, an adjustment was made to decrease property taxes in the General fund by \$5,582, increase intergovernmental revenue by \$3,704 and decrease general government expenses by \$231. In the Fire fund, an adjustment was made to increase intergovernmental revenue by \$1,878 and increase general government expense by \$231.

In 2019, the Village did not properly report loan proceeds and corresponding capital outlay payments of \$55,380 in the Water Improvement fund.

In 2020 and 2019, the Village incorrectly reported a Permanent fund as a Private Purpose Trust fund in the amount of \$1,001.

The accompanying financial statements and the Village's records have been adjusted accordingly. In addition to the adjustments/reclassifications listed above, we also identified additional misstatements ranging from \$8 to \$7,244 for 2020 and \$8 to \$6,100 for 2019 that we have brought to the Village's attention. These were not adjusted on the financial statements.

The notes to the financial statements had several incomplete parts, including the budgetary note. The fund descriptions in Note 2 did not contain descriptions of all the fund types, a compliance note disclosure had to be added for budgetary non-compliance along with correcting the budgetary information presented, and the debt note disclosure had several incorrect or incomplete amounts.

The failure to correctly classify financial activity in the UAN system and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions, the Village's ability to comply with budgetary laws, and may result in material misstatement to the financial statements. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

The Village should utilize the Village Handbook, Auditor of State Bulletins, financial reporting shells on the Auditor of State's website and other resources available for guidance in an effort to correctly classify and report financial activity.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2020-003

Noncompliance – Budgetary

Ohio Rev. Code § 5705.38(A) requires, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.

Ohio Rev. Code § 5705.40 states, in part, that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

For the year ended December 31, 2020, the Village meeting minutes did not have documentation that the Council passed an annual appropriation measure. Appropriation information for 2020 was filed with the County Auditor but there was no indication on the documents filed with the County of Council's approval.

Because there were no Council-approved permanent appropriations, expenditures exceeded appropriations in all funds for 2020.

In addition, appropriation amendments were entered into the accounting system, however, there was no documentation of Council approval of these amendment during all of 2019 and during the last quarter of 2020. As a result, during 2019 one line item, General Fund - General Government - Lands and Buildings - Other - Professional and Technical Services (1000-730-349), selected for testing had expenditures of \$7,538, which were in excess of appropriations of \$2,786, in the amount of \$4,752.

The unapproved amounts filed with the County did not agree with what was posted to the accounting system. Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Council to make informed decisions regarding budgetary matters.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2020-004

Material Weakness – Utility Rates

The Village Council approved various ordinances establishing rate increases for water and sewer from 1998 to 2020. In addition, Village Council approved to charge minimum billing for a portion of both 2019 and 2020 due to issues with meter readers. However, difficulties were encountered in determining the exact amounts the rates should have been due to the ordinance language being vague and a lack of information presented in the Council minutes. In addition, the ordinances only included a percent increase for either water or sewer, no exact dollar amount for the rate charges were included except in the original rate ordinance dated in 1997, and the most recent ordinance approved in 2020. As a result, difficulties were encountered in determining if the amounts in the billing system were the actual board approved rates and if utility revenues were being properly billed during the audit period, including the minimum billing rate.

Eight utility bills out of 105 tested in 2019 and 1 utility bill out of 51 tested in 2020, were charged at rates that did not agree to minimum billing rates being charged to other customers or to Council approved rates for commercial or residential billing charges which lead to customers being under billed by \$28 in 2020 and over billed by \$59 in 2019. Five utility bills out of 105 tested in 2019 and 1 utility bill out of 51 tested in 2020 were charged the commercial rate, when they should have been charged the residential rate. This resulted in the customers being over billed by \$41 in 2019 and \$6 in 2020. Two utility bills of the 51 tested in 2020 were billed the residential rate when they were a commercial property. This lead to \$17 being under billed to customers in 2020. Lastly 8 utility bills out of the 105 tested in 2019 and 1 out of 51 tested in 2020 did not agree to the residential or commercial rates that were input into the system or approved by Council. This lead to \$105 overcharged in 2019 and \$51 under charged for 2020.

Failure to properly document the change in rates for charges for services and to ensure the review of the changes made in the system could result in lost revenues for the Village.

The Village should establish and implement procedures to ensure that water and sewer rates approved by the Village Council are timely and properly entered into the billing system, establish procedures to review the rate changes by someone independent of the person entering the rates into the billing system, and ensure all customers are assigned to the proper billing rate while maintaining support to justify the rate assigned. The Village should also be more specific as to rate changes for utilities when preparing and approving ordinances.

Officials' Response

We did not receive a response from Officials to this finding.

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Village Of Willshire

315 State Street, PO Box 110, Willshire, Ohio
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Amos Stauffer Jr., Mayor

Jodi R Berry, Fiscal Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 5747.06(A) - Properly/Timely Withholding Payments	Partially Corrected	See Management Letter Noncompliance Finding #1.
2018-002	Ohio Rev. Code § 731.13 – Lack of Approval of Pay Rates	Partially Corrected	All new pay rates established during 2020, were properly approved. See Management Letter Noncompliance Finding #3.
2018-003	Ohio Rev. Code § 5705.38(A), 5705.39, 5705.40, and 5705.41 (B) - Budgetary Noncompliance – Lack of Budgetary Approvals.	Not Corrected	Repeated as Finding Number 2020-003
2018-004	Accuracy of Financial Reporting (Originated 2016-001)	Not Corrected	Repeated as Finding Number 2020-002
2018-005	Utility Rates Charged	Not Corrected	Repeated as Finding Number 2020-004

Small Town, Big Heart

Village of Willshire
 Van Wert County
 Summary Schedule of Prior Audit Findings
 Page 2

Finding Number	Finding Summary	Status	Additional Information
2018-006	Ohio Rev. Code § 121.22 (G) - Meetings of Council – Lack of Detail, Lack of Reason for Executive Sessions	Partially Corrected	New Fiscal Officer began in 2020 and started to write more detailed minutes. See Management Letter Noncompliance Finding #4.
2018-007	Bank Reconciliations – Contained erroneous reconciling items.	Not Corrected	Repeated as Finding Number 2020-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WILLSHIRE

VAN WERT 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 12/30/2021

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