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**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY  
Regular Audit  
For the Years Ended December 31, 2014 and 2013**

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# Dave Yost • Auditor of State

Village Council  
Village of Willshire  
PO Box 110  
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, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

October 13, 2015

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VILLAGE OF WILLSHIRE  
VAN WERT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 14, 2015

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 and related notes of the **Village of Willshire**, Van Wert County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 opinion.

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

As described in Note 1B 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, 2014 and 2013, 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 combined cash balances of the Village of Willshire, Van Wert County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2015, 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 (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Permanent</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|------------------|----------------------------|------------------|---|
| <b>Cash Receipts</b>                          |                  |                            |                  |   |
| Property and Other Local Taxes                | \$ 28,541        | \$ 8,152                   | \$ -             | \$ 36,693                               |
| Municipal Income Tax                          | 48,354           | -                          | -                | 48,354                                  |
| Intergovernmental                             | 21,926           | 21,585                     | -                | 43,511                                  |
| Charges for Services                          | -                | 27,766                     | -                | 27,766                                  |
| Fines, Licenses and Permits                   | 3,089            | -                          | -                | 3,089                                   |
| Earnings on Investments                       | 250              | 52                         | -                | 302                                     |
| Miscellaneous                                 | 1,973            | 2,762                      | -                | 4,735                                   |
| <b>Total Cash Receipts</b>                    | <u>104,133</u>   | <u>60,317</u>              | <u>-</u>         | <u>164,450</u>                          |
| <b>Cash Disbursements</b>                     |                  |                            |                  |   |
| Current:                                      |                  |                            |                  |   |
| Security of Persons and Property              | 21,552           | 24,232                     | -                | 45,784                                  |
| Public Health Services                        | 2,222            | 6,796                      | -                | 9,018                                   |
| Leisure Time Activities                       | 12,472           | -                          | -                | 12,472                                  |
| Transportation                                | -                | 24,062                     | -                | 24,062                                  |
| General Government                            | 67,076           | 330                        | -                | 67,406                                  |
| Capital Outlay                                | -                | 6,761                      | -                | 6,761                                   |
| <b>Total Cash Disbursements</b>               | <u>103,322</u>   | <u>62,181</u>              | <u>-</u>         | <u>165,503</u>                          |
| Excess of Receipts Over (Under) Disbursements | <u>811</u>       | <u>(1,864)</u>             | <u>-</u>         | <u>(1,053)</u>                          |
| <b>Other Financing Receipts</b>               |                  |                            |                  |   |
| Sale of Capital Assets                        | -                | 4,127                      | -                | 4,127                                   |
| <b>Total Other Financing Receipts</b>         | <u>-</u>         | <u>4,127</u>               | <u>-</u>         | <u>4,127</u>                            |
| Net Change in Fund Cash Balances              | 811              | 2,263                      | -                | 3,074                                   |
| <i>Fund Cash Balance, January 1</i>           | <u>98,209</u>    | <u>175,989</u>             | <u>1,001</u>     | <u>275,199</u>                          |
| <b>Fund Cash Balances, December 31</b>        |                  |                            |                  |   |
| Nonspendable                                  | -                | -                          | 1,001            | 1,001                                   |
| Restricted                                    | -                | 178,252                    | -                | 178,252                                 |
| Assigned                                      | 5,747            | -                          | -                | 5,747                                   |
| Unassigned                                    | <u>93,273</u>    | <u>-</u>                   | <u>-</u>         | <u>93,273</u>                           |
| <i>Fund Cash Balance, December 31</i>         | <u>\$ 99,020</u> | <u>\$ 178,252</u>          | <u>\$ 1,001</u>  | <u>\$ 278,273</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  
CHANGE IN FUND BALANCE (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | <b>Enterprise</b> |
|---|-------------------|
| <b>Operating Cash Receipts</b>                |                   |
| Charges for Services                          | \$ 329,691        |
| Total Operating Cash Receipts                 | 329,691           |
| <b>Operating Cash Disbursements</b>           |                   |
| Personal Services                             | 46,870            |
| Employee Fringe Benefits                      | 40,207            |
| Contractual Services                          | 65,708            |
| Supplies and Materials                        | 51,541            |
| Other   | 200               |
| Total Operating Cash Disbursements            | 204,526           |
| Operating Income                              | 125,165           |
| <b>Non-Operating Receipts (Disbursements)</b> |                   |
| Miscellaneous Receipts                        | 4,162             |
| Capital Outlay                                | (26,458)          |
| Principal Retirement                          | (62,405)          |
| Interest and Other Fiscal Charges             | (13,313)          |
| Total Non-Operating Receipts (Disbursements)  | (98,014)          |
| Net Change in Fund Cash Balances              | 27,151            |
| Fund Cash Balance, January 1                  | 168,389           |
| <b>Fund Cash Balance, December 31</b>         | <b>\$ 195,540</b> |

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 BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Permanent</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|------------------|----------------------------|------------------|---|
| <b>Cash Receipts</b>                   |                  |                            |                  |   |
| Property and Other Local Taxes         | \$ 26,585        | \$ 7,596                   | \$ -             | \$ 34,181                               |
| Municipal Income Tax                   | 45,735           | -                          | -                | 45,735                                  |
| Intergovernmental                      | 22,161           | 24,365                     | -                | 46,526                                  |
| Charges for Services                   | -                | 32,084                     | -                | 32,084                                  |
| Fines, Licenses and Permits            | 3,199            | -                          | -                | 3,199                                   |
| Earnings on Investments                | 183              | 52                         | -                | 235                                     |
| Miscellaneous                          | 1,770            | 3,834                      | -                | 5,604                                   |
| <b>Total Cash Receipts</b>             | <u>99,633</u>    | <u>67,931</u>              | <u>-</u>         | <u>167,564</u>                          |
| <b>Cash Disbursements</b>              |                  |                            |                  |   |
| Current:                               |                  |                            |                  |   |
| Security of Persons and Property       | 22,749           | 28,395                     | -                | 51,144                                  |
| Public Health Services                 | 2,557            | 7,815                      | -                | 10,372                                  |
| Transportation                         | -                | 40,136                     | -                | 40,136                                  |
| General Government                     | 75,820           | 323                        | -                | 76,143                                  |
| Capital Outlay                         | -                | 14,414                     | -                | 14,414                                  |
| <b>Total Cash Disbursements</b>        | <u>101,126</u>   | <u>91,083</u>              | <u>-</u>         | <u>192,209</u>                          |
| Net Change in Fund Cash Balances       | (1,493)          | (23,152)                   | -                | (24,645)                                |
| <i>Fund Cash Balance, January 1</i>    | <u>99,702</u>    | <u>199,141</u>             | <u>1,001</u>     | <u>299,844</u>                          |
| <b>Fund Cash Balances, December 31</b> |                  |                            |                  |   |
| Nonspendable                           | -                | -                          | 1,001            | 1,001                                   |
| Restricted                             | -                | 175,989                    | -                | 175,989                                 |
| Assigned                               | 18,430           | -                          | -                | 18,430                                  |
| Unassigned                             | 79,779           | -                          | -                | 79,779                                  |
| <i>Fund Cash Balance, December 31</i>  | <u>\$ 98,209</u> | <u>\$ 175,989</u>          | <u>\$ 1,001</u>  | <u>\$ 275,199</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  
CHANGE IN FUND BALANCE (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | <b>Enterprise</b> |
|---|-------------------|
| <b>Operating Cash Receipts</b>                |                   |
| Charges for Services                          | \$ 337,635        |
| Total Operating Cash Receipts                 | 337,635           |
| <b>Operating Cash Disbursements</b>           |                   |
| Personal Services                             | 46,840            |
| Employee Fringe Benefits                      | 32,584            |
| Contractual Services                          | 66,719            |
| Supplies and Materials                        | 44,045            |
| Other   | 284               |
| Total Operating Cash Disbursements            | 190,472           |
| Operating Income                              | 147,163           |
| <b>Non-Operating Receipts (Disbursements)</b> |                   |
| Miscellaneous Receipts                        | 3,409             |
| Capital Outlay                                | (15,163)          |
| Principal Retirement                          | (61,285)          |
| Interest and Other Fiscal Charges             | (14,394)          |
| Total Non-Operating Receipts (Disbursements)  | (87,433)          |
| Net Change in Fund Cash Balances              | 59,730            |
| Fund Cash Balance, January 1                  | 108,659           |
| <b>Fund Cash Balance, December 31</b>         | <b>\$ 168,389</b> |

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 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Willshire, Van Wert County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and repair, water and sewer utilities, park operations, and fire protection services. The Village contracts with the Van Wert County Sheriff's department to provide security of persons and property.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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.

**C. Deposits and Investments**

During the period the Village maintained a general checking account and certificates of deposit.

The Village has no investments.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 has the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license 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.

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

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

**E. Budgetary Process**

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

VILLAGE OF WILLSHIRE  
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

VILLAGE OF WILLSHIRE  
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

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

H. 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.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED 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:

|                        | <b>2014</b> | <b>2013</b> |
|------------------------|-------------|-------------|
| Demand deposits        | \$ 448,533  | \$ 418,404  |
| Certificate of deposit | 25,280      | 25,184      |
| Total deposits         | \$ 473,813  | \$ 443,588  |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

**2014 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
|-----------------|----------------------|--------------------|------------|
| General         | \$ 97,715            | \$ 104,133         | \$ 6,418   |
| Special Revenue | 65,925               | 64,444             | (1,481)    |
| Enterprise      | 342,500              | 333,853            | (8,647)    |
| Total           | \$ 506,140           | \$ 502,430         | \$ (3,710) |

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
|-----------------|----------------------------|---------------------------|------------|
| General         | \$ 137,004                 | \$ 109,069                | \$ 27,935  |
| Special Revenue | 110,361                    | 73,470                    | 36,891     |
| Enterprise      | 386,612                    | \$ 314,050                | 72,562     |
| Total           | \$ 633,977                 | \$ 496,589                | \$ 137,388 |

**2013 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
|-----------------|----------------------|--------------------|-------------|
| General         | \$ 98,470            | \$ 99,633          | \$ 1,163    |
| Special Revenue | 76,440               | 67,931             | (8,509)     |
| Enterprise      | 356,855              | 341,044            | (15,811)    |
| Total           | \$ 531,765           | \$ 508,608         | \$ (23,157) |

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 133,128                 | \$ 119,556                | \$ 13,572  |
| Special Revenue                                       | 127,026                    | 99,043                    | 27,983     |
| Enterprise  | 354,306                    | \$ 282,390                | 71,916     |
| Total   | \$ 614,460                 | \$ 500,989                | \$ 113,471 |

**4. 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 make semiannual payment, 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.

**5. LOCAL INCOME TAX**

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

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

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

|  | Principal  | Interest Rate |
|--|------------|---------------|
| Ohio Water Development Authority Loan 2920 | \$ 96,192  | 2%            |
| Ohio Water Development Authority Loan 2921 | 102,617    | 2%            |
| Ohio Public Works Commission               | 53,469     | 0%            |
| USDA/RD Loan                               | 173,200    | 4.75%         |
| Total                                      | \$ 425,478 |               |

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. 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.

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.

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.

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.

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

| Year ending December 31: | OWDA<br>Loan 2920 | OWDA<br>Loan 2921 | OPWC<br>Loan     | USDA/RD<br>Loan   | Total             |
|--------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| 2015                     | \$ 39,864         | \$ 11,973         | \$ 11,882        | \$ 12,027         | \$ 75,746         |
| 2016                     | 39,864            | 11,973            | 11,882           | 12,011            | 75,730            |
| 2017                     | 19,932            | 11,973            | 11,882           | 12,099            | 55,886            |
| 2018                     | -                 | 11,973            | 11,882           | 12,079            | 35,934            |
| 2019                     | -                 | 11,973            | 5,941            | 12,059            | 29,973            |
| 2020-2024                | -                 | 53,879            |                  | 60,295            | 114,174           |
| 2025-2029                | -                 | -                 |                  | 60,395            | 60,395            |
| 2030-2034                | -                 | -                 |                  | 60,385            | 60,385            |
| 2035-2039                | -                 | -                 |                  | 60,055            | 60,055            |
| Total                    | <u>\$ 99,660</u>  | <u>\$ 113,744</u> | <u>\$ 53,469</u> | <u>\$ 301,405</u> | <u>\$ 568,278</u> |

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS), except for several Council members who have elected instead to pay into Social Security. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. 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.

**10. FISCAL EMERGENCY**

At the request of the Mayor of the Village of Willshire, the Auditor of State's Office conducted an analysis of the Village to determine if the fiscal condition of the Village had deteriorated to the point that a declaration of fiscal watch or fiscal emergency was appropriate. The analysis identified the existence of two fiscal emergency conditions and declared the Village to be in fiscal emergency. The declaration of fiscal emergency was based on significant deficits in the General and Water Operating funds as of December 31, 2004 and November 30, 2005. The declaration of emergency prompted the creation of a Financial Planning and Supervision Commission to oversee and direct the Village's financial recovery. By statute, the Village Council must adopt a recovery plan present and the plan to the Commission for approval. The Village has adopted the necessary plans for 2014 and 2013, which have been approved by the Commission. The Village's Fiscal Emergency Declaration was terminated on March 31, 2015.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

July 14, 2015

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 **Village of Willshire**, Van Wert County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 14, 2015, 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

*...“bringing more to the table”*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



### **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 that we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 14, 2015.

### **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



# 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  
NOVEMBER 5, 2015**