



Dave Yost • Auditor of State

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011 | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010 | 6 |
| Notes to the Financial Statements | 7 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 13 |
| Schedule of Audit Findings | 15 |
| Schedule of Prior Audit Findings..... | 17 |

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Dave Yost • Auditor of State

Willshire Township
Van Wert County
13289 State Route 49
Ohio City, Ohio 45874

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

June 19, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Willshire Township
Van Wert County
13289 State Route 49
Ohio City, Ohio 45874

To the Board of Trustees:

We have audited the accompanying financial statements of Willshire Township, Van Wert County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

During the prior audit years of 2007 and 2006, the Township charged Trustees' salaries, related taxes and retirement (OPERS) to the Gasoline Tax, Road and Bridge and Motor Vehicle License Tax fund without required supportive documentation, which is a violation against Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056 and did not make those adjustments to the financial statements nor to their accounting records. The General fund balance was overstated by \$47,814 and therefore the Special Revenue fund balances were understated by \$47,814.

Also, in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of the General and Special Revenue Funds of Willshire Township, Van Wert County, as of December 31, 2011 and 2010 and their combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Capital Project Funds of Willshire Township, Van Wert County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Willshire Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

June 19, 2012

**WILLSHIRE TOWNSHIP
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, 2011**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|--|-----------------|----------------------------|-----------------------------|---|
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$22,000 | \$53,487 | | \$75,487 |
| Payment in Lieu of Taxes | | | \$10,217 | 10,217 |
| Licenses, Permits and Fees | 234 | 1,000 | | 1,234 |
| Intergovernmental | 28,765 | 113,275 | 1,009 | 143,049 |
| Earnings on Investments | 28 | 43 | | 71 |
| Miscellaneous | | 475 | | 475 |
| Total Cash Receipts | <u>51,027</u> | <u>168,280</u> | <u>11,226</u> | <u>230,533</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 55,495 | 8,696 | | 64,191 |
| Public Safety | | 29,356 | | 29,356 |
| Public Works | | 97,886 | | 97,886 |
| Health | | 221 | | 221 |
| Capital Outlay | | | 5,381 | 5,381 |
| Total Cash Disbursements | <u>55,495</u> | <u>136,159</u> | <u>5,381</u> | <u>197,035</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(4,468)</u> | <u>32,121</u> | <u>5,845</u> | <u>33,498</u> |
| Other Financing Receipts (Disbursements): | | | | |
| Other Financing Sources | 6,147 | | | 6,147 |
| Total Other Financing Receipts (Disbursements) | <u>6,147</u> | | | <u>6,147</u> |
| Net Change in Fund Cash Balances | 1,679 | 32,121 | 5,845 | 39,645 |
| Fund Cash Balances, January 1 | <u>29,226</u> | <u>48,605</u> | <u>17,934</u> | <u>95,765</u> |
| Fund Cash Balances, December 31: | | | | |
| Restricted | | 80,726 | 23,779 | 104,505 |
| Unassigned (Deficit) | 30,905 | | | 30,905 |
| Fund Cash Balances, December 31 | <u>\$30,905</u> | <u>\$80,726</u> | <u>\$23,779</u> | <u>\$135,410</u> |

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

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

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

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$22,255 | \$53,728 | | \$75,983 |
| Payment in Lieu of Taxes | | | \$10,171 | 10,171 |
| Licenses, Permits, and Fees | 125 | 350 | | 475 |
| Intergovernmental | 57,858 | 116,079 | 54,179 | 228,116 |
| Earnings on Investments | 31 | 80 | | 111 |
| Miscellaneous | | 600 | | 600 |
| Total Cash Receipts | <u>80,269</u> | <u>170,837</u> | <u>64,350</u> | <u>315,456</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 52,305 | 12,992 | 318 | 65,615 |
| Public Safety | | 29,257 | | 29,257 |
| Public Works | | 131,208 | | 131,208 |
| Health | | 870 | | 870 |
| Capital Outlay | | 2,165 | 53,129 | 55,294 |
| Total Cash Disbursements | <u>52,305</u> | <u>176,492</u> | <u>53,447</u> | <u>282,244</u> |
| Total Receipts Over/(Under) Disbursements | <u>27,964</u> | <u>(5,655)</u> | <u>10,903</u> | <u>33,212</u> |
| Other Financing Receipts / (Disbursements): | | | | |
| Other Financing Uses | <u>(100)</u> | | | <u>(100)</u> |
| Total Other Financing Receipts / (Disbursements) | <u>(100)</u> | | | <u>(100)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | 27,864 | (5,655) | 10,903 | 33,112 |
| Fund Cash Balances, January 1 | <u>1,362</u> | <u>54,260</u> | <u>7,031</u> | <u>62,653</u> |
| Fund Cash Balances, December 31 | <u>\$29,226</u> | <u>\$48,605</u> | <u>\$17,934</u> | <u>\$95,765</u> |
| Reserve for Encumbrances, December 31 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

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

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Willshire Township, Van Wert County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Willshire and the Village of Wren to provide fire services and to provide ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

Savings Accounts are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Tax Increment Financing (TIF) Fund – This fund receives township tax increment financing to provide infrastructure improvements including street and related improvements, to facilitate the development of commercial, industrial and agricultural properties.

Issue II Fund - The Township received a grant from the State of Ohio to repave Sheets Road with 402 hot mix.

E. 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 estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Restricted

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

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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 Township Trustees or a Township 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 Township 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 Township 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.

2. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

| | 2011 | 2010 |
|-----------------|-------------|-------------|
| Demand Deposits | \$135,410 | \$95,765 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|--------------------------|------------------------|-----------------|
| General | \$ 56,318 | \$ 57,174 | \$ 856 |
| Special Revenue | 169,604 | 168,280 | (1,324) |
| Capital Projects | 10,000 | 11,226 | 1,226 |
| Total | \$235,922 | \$236,680 | \$ 758 |

2011 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|--------------------------------|-------------------------------|-----------------|
| General | \$ 85,544 | \$ 55,495 | \$ 30,049 |
| Special Revenue | 218,209 | 136,159 | 82,050 |
| Capital Projects | 27,934 | 5,381 | 22,553 |
| Total | \$331,687 | \$197,035 | \$134,652 |

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|--------------------------|------------------------|-----------------|
| General | \$ 57,390 | \$ 80,269 | \$22,879 |
| Special Revenue | 171,704 | 170,837 | (867) |
| Capital Projects | 62,933 | 64,350 | 1,417 |
| Total | \$292,027 | \$315,456 | \$23,429 |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|--------------------------------|-------------------------------|-----------------|
| General | \$ 69,609 | \$ 52,405 | \$17,204 |
| Special Revenue | 222,119 | 176,492 | 45,627 |
| Capital Projects | 62,933 | 53,447 | 9,486 |
| Total | \$354,661 | \$282,344 | \$72,317 |

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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Dave Yost • Auditor of State

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

Willshire Township
Van Wert County
13289 State Route 49
Ohio City, Ohio 45874

To the Board of Trustees:

We have audited the financial statements of Willshire Township, Van Wert County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 19, 2012, wherein, we noted the Township failed to post prior year audit adjustments to the beginning balances. We also noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

**Internal Control Over Financial Reporting
(Continued)**

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-001 described in the accompanying schedule of finding to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 19, 2012.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 19, 2012

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

| |
|---|
| 1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2011-001

Classification of Revenue - Significant Deficiency

All transactions were posted to the general ledger; however, not all transactions were posted to the correct line item accounts. The following items were not properly posted during 2011 and 2010:

- 2011 tax increment financing was posted as property taxes in the capital projects fund in the amount of \$11,226 rather than payment in lieu of taxes for \$10,217 and intergovernmental revenue for \$1,009, which represented a 100% error in the classification of revenue.
- 2010 tax increment financing was posted as property taxes in the capital projects fund in the amount of \$11,222 rather than payment in lieu of taxes for \$10,171 and intergovernmental revenue for the \$1,051, which represented a 17% error in the classification of revenue.

The failure to properly post receipts could result in a material misstatement of the reported revenue line items. The accompanying financial statements include the tax increment financing adjustments to properly state the Township's revenue activity for 2011 and 2010.

The Township should utilize AOS Bulletin 2010-003 and the UAN Chart of Accounts to determine which account code best represents the proper revenue line items while posting receipts.

Clients Response:

The client declined to respond to the above comment.

FINDING NUMBER 2011-002

Allocation of Township Trustees Salary- Noncompliance/Material Weakness

Ohio Revised Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by **Ohio Attorney General (OAG) Opinion 2004-036**. This Section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustee's document all time spent on township business and the type of service(s) performed, in a manner similar to trustee's paid salary compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds. The requirements of Ohio Rev. Code 505.24(C) were noted in the audit report for Willshire Township for the years ended December 31, 2007 and 2006

During the prior audit of years 2007 and 2006, the Township charged Trustees' salaries, related taxes and retirement (OPERS) to the Gas Tax in the amount of \$16,677, Road and Bridge in the amount of \$15,244, and Motor Vehicle License Tax fund in the amount of \$15,893 without required supportive documentation and did not make these adjustments to its financial statements nor the Uniform Accounting Network (UAN) system. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund for \$47,814 and in favor for the Motor Vehicle License Tax Fund for \$15,893, Gas Tax Fund for \$16,677, and Road and Bridge Fund for \$15,244.

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

**FINDING NUMBER 2011-002
(Continued)**

The Township failed to record the December 31, 2007 adjustments required to properly reflect these salaries, related taxes and OPERS amounts to the December 31, 2009 ending balances (January 1, 2010 Beginning Balance). The January 1, 2010 balances should have been adjusted and presented as follows:

| Fund | December 31, 2009 Ending Balance | Adjustments | January 1, 2010 Beginning Balance |
|--------------------------------|---|--------------------|--|
| General Fund | \$ 1,362 | (\$47,814) | (\$46,452) |
| Motor Vehicle License Tax Fund | 3,975 | 15,893 | 19,898 |
| Gas Tax Fund | 11,773 | 16,677 | 28,450 |
| Road and Bridge Fund | 14,407 | 15,244 | 29,651 |
| Totals | <u>\$31,517</u> | <u>\$ 0</u> | <u>\$31,547</u> |

If the Township had recorded the above adjustments, the effect on December 31, 2011 and 2010 financial statements, would be to decrease the General fund balance and increase the balance of the Motor Vehicle License Tax, Gas Tax, and Road and Bridge funds by the adjustment amounts above.

Officials Response:

The client declined to response to the above comment.

**WILLSHIRE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--------------------------------|------------------|--|
| 2009-001 | Classifying Funds and Revenues | No | Partially Corrected. See Finding 2011-001 |

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Dave Yost • Auditor of State

WILLSHIRE TOWNSHIP

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
JULY 31, 2012**