



**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF WILLSHIRE  
VAN WERT COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Willshire  
Van Wert County  
323 State Street  
P.O. Box 110  
Willshire, Ohio 45898-0110

To the Village Council:

We have audited the accompanying financial statements of the Village of Willshire, Van Wert County (the Village), as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2001 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 grants.

This report is intended solely for the information and use of the management and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 15, 2001

**VILLAGE OF WILLSHIRE  
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, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$18,386	\$1,199		\$19,585
Intergovernmental Receipts	33,856	21,909		55,765
Charges for Services		7,882		7,882
Fines, Licenses, and Permits				
Earnings on Investments				
Miscellaneous	24,134	6,267		30,401
	<u>76,376</u>	<u>37,257</u>		<u>113,633</u>
<b>Total Cash Receipts</b>				
	<u>76,376</u>	<u>37,257</u>		<u>113,633</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	6,176	23,008		29,184
Public Health Services	818			818
Leisure Time Activities		1,621		1,621
Transportation		16,021		16,021
General Government	67,166			67,166
Capital Outlay	27,773	4,248		32,021
	<u>101,933</u>	<u>44,898</u>		<u>146,831</u>
<b>Total Disbursements</b>				
	<u>101,933</u>	<u>44,898</u>		<u>146,831</u>
<b>Total Receipts (Under) Disbursements</b>	<u>(25,557)</u>	<u>(7,641)</u>		<u>(33,198)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Bonds or Notes				
Transfers-In		5,000	31,860	36,860
Transfers-Out	(5,000)			(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>31,860</u>	<u>31,860</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(5,000)</u>	<u>5,000</u>	<u>31,860</u>	<u>31,860</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,557)	(2,641)	31,860	(1,338)
Fund Cash Balances January 1	133,897	41,752		175,649
<b>Fund Cash Balances, December 31</b>	<u>\$103,340</u>	<u>\$39,111</u>	<u>\$31,860</u>	<u>\$174,311</u>

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

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$195,015
Miscellaneous	<u>1,800</u>
Total Operating Cash Receipts	<u>196,815</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	53,569
Contractual Services	107,539
Supplies and Materials	22,416
Capital Outlay	<u>6,455</u>
Total Operating Cash Disbursements	<u>189,979</u>
Operating Income	<u>6,836</u>
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous	<u>1,795</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	73,022
Other Non-Operating Cash Disbursements	<u>809</u>
Total Non-Operating Cash Disbursements	<u>73,831</u>
Receipts (Under) Disbursements Before Interfund Transfers and Advances	(65,200)
Transfers-Out	<u>(31,860)</u>
Net Receipts (Under) Disbursements	(97,060)
Fund Cash Balances, January 1	<u>231,622</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$134,562</u></u>

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



**VILLAGE OF WILLSHIRE  
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, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$21,772	\$1,096		\$22,868
Intergovernmental Receipts	38,761	19,036		57,797
Charges for Services		7,821		7,821
Miscellaneous	20,943	5,284		26,227
	<u>81,476</u>	<u>33,237</u>		<u>114,713</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	6,044	16,699		22,743
Public Health Services	1,676			1,676
Leisure Time Activities		715		715
Transportation		15,003		15,003
General Government	66,356			66,356
Debt Service:				
Principal Payments			256,091	256,091
Interest Payments			25,004	25,004
Capital Outlay	10,589	18,863		29,452
	<u>84,665</u>	<u>51,280</u>	<u>281,095</u>	<u>417,040</u>
Total Receipts (Under) Disbursements	<u>(3,189)</u>	<u>(18,043)</u>	<u>(281,095)</u>	<u>(302,327)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		5,000	281,095	286,095
Transfers-Out	(5,000)			(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>281,095</u>	<u>281,095</u>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(8,189)	(13,043)		(21,232)
Fund Cash Balances January 1	<u>142,086</u>	<u>54,795</u>		<u>196,881</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$133,897</u></u>	<u><u>\$41,752</u></u>	<u><u>\$0</u></u>	<u><u>\$175,649</u></u>

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

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$212,845
Miscellaneous	1,276
	<hr/>
Total Operating Cash Receipts	214,121
<b>Operating Cash Disbursements:</b>	
Personal Services	51,695
Contractual Services	63,631
Supplies and Materials	31,432
Capital Outlay	116,445
	<hr/>
Total Operating Cash Disbursements	263,203
Operating Income/(Loss)	<hr/> <u>(49,082)</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	16,661
Proceeds from Notes and Bonds	280,804
	<hr/>
Total Non-Operating Cash Receipts	297,465
<b>Non-Operating Disbursements:</b>	
Other Non-Operating Cash Disbursements	850
	<hr/>
Total Non-Operating Cash Disbursements	850
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	247,533
Transfers-In	6,000
Transfers-Out	(287,094)
	<hr/>
Net Receipts Over/(Under) Disbursements	(33,561)
Fund Cash Balances, January 1	<hr/> <u>265,183</u>
<b>Fund Cash Balances, December 31</b>	<hr/> <b><u>\$231,622</u></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  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Willshire, Van Wert County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including fire services, water and sewer, street maintenance and repair, and maintenance of a park facility.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit and the repurchase agreement are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**Fire Fund** - This fund receives fire service contract revenue and transfers from the General Fund for maintaining equipment pertinent to providing fire protection services and for contracting emergency medical services.

**Fire Special Fund** - This fund receives donations from outside private sources for defraying the cost of unique and special equipment for the Fire Department.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

**Debt Service Fund** - This fund receives monies from the water and sewer funds to pay the village debt on the water and sewer plant facilities.

**4. Enterprise Funds**

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

**Water Construction Fund** - This fund receives State and Federal grants and proceeds of debt for the construction of the water treatment facility.

**Rural Development Fund** - This fund receives Federal grants and proceeds of debt for the construction of the water treatment facility.

**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 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**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 Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation**

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>2000</u>
Demand deposits	\$ 9,555	\$ 6,531
Certificates of deposit	<u>365,000</u>	<u>265,000</u>
Total deposits	<u>374,555</u>	<u>271,531</u>
Repurchase Agreement	<u>32,716</u>	<u>37,342</u>
Total investments	<u>32,716</u>	<u>37,342</u>
Total deposits and investments	<u><u>\$ 407,271</u></u>	<u><u>\$ 308,873</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village

**Investments:** The Village has a Repurchase/Security Agreement with Community First Bank and Trust. This agreement allows the financial institution to invest excess funds in a repurchase agreement account. The financial institution maintains records identifying the Village as owner of these securities and are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,150	\$ 76,376	\$ (1,774)
Special Revenue	38,750	42,257	3,507
Debt Service	0	31,860	31,860
Enterprise	227,000	198,610	(28,390)
Total	<u>\$ 343,900</u>	<u>\$ 349,103</u>	<u>\$ 5,203</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 104,850	\$ 106,933	\$ (2,083)
Special Revenue	40,700	44,898	(4,198)
Enterprise	286,952	295,670	(8,718)
Total	<u>\$ 432,502</u>	<u>\$ 447,501</u>	<u>\$ (14,999)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,725	\$ 81,476	\$ 2,751
Special Revenue	33,550	38,237	4,687
Debt Service	300,000	281,095	(18,905)
Enterprise	482,726	517,586	34,860
Total	<u>\$ 895,001</u>	<u>\$ 918,394</u>	<u>\$ 23,393</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 132,650	\$ 89,665	\$ 42,985
Special Revenue	58,200	51,280	6,920
Debt Service	300,000	281,095	18,905
Enterprise	620,409	551,147	69,262
Total	<u>\$ 1,111,259</u>	<u>\$ 973,187</u>	<u>\$ 138,072</u>

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Ohio Rev. Code Section 5705.41(D) requires the clerk to certify availability of funds prior to a commitment being paid. The clerk did not certify the availability of funds during 1999 or 2000.

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures in excess of appropriations for the year ended December 31, 2000:

<u>Fund</u>	<u>Appropriation</u>	<u>Excess</u>
General Fund	\$104,850	\$ 2,082
Tree Fund	1,500	121
Fire Fund	12,000	11,008
Water Fund	137,658	29,332
Wastewater Fund	112,365	10,977

The following funds had expenditures in excess of appropriations for the year ended December 31, 1999:

<u>Fund</u>	<u>Appropriation</u>	<u>Excess</u>
Fire Fund	\$ 23,000	\$ 2,964
Rural Development	232,855	22,358

During both 1999 and 2000, there were other funds that had line accounts in which expenditures exceeded appropriations at times during the year.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements 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.

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 Village.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1	\$ 541,275	2.00%
Ohio Water Development Authority Loan #2	219,022	2.00%
Ohio Public Works Commission	213,875	0.00%
USDA/RD Loan	209,000	4.75%
Total	\$ 1,183,172	

The \$541,275 outstanding OWDA loan is for the updating of the Village's sewer facilities. The loan is to be paid back, in semi-annual installments of \$19,932 which includes interest, with revenues generated from sewer billings. The Village does not have any plans to retire this debt at a date earlier than its scheduled maturity date.

The \$219,022 outstanding OWDA loan is for the construction of a new water plant facility. The loan is to be paid back, in semi-annual installments of \$5,987 which includes interest, with revenues generated from water billings. The Village does not have any plans to retire these debt issues at a date earlier than its scheduled maturity date.

The OPWC loan is for the construction of a new water plant facility. The loan is to be paid back, in semi-annual installments of \$5,941, with revenues generated from water billings. 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 the construction of the new water plant facility. These are considered mortgage revenue bonds and no principal payment is due until 2002. Interest payments of \$9,302 are to be paid once a year, with revenues generated from water billings. 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 Loan #1	OWDA Loan #2	USDA/RD Loan	OPWC Loan
2001	\$ 19,932	\$ 5,987	\$ 9,302	\$ 5,941
2002	39,864	11,974	11,402	11,882
2003	39,864	11,973	11,402	11,882
2004	39,864	11,973	11,602	11,882
2005	39,864	11,973	11,602	11,882
Subsequent	458,441	221,508	525,764	160,406
Total	\$ 637,829	\$ 275,388	\$ 581,074	\$ 213,875



**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's officials and full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Village has paid all contributions required through December 31, 2000.

Some of the Village's officials opted not to be a part of the Public Employees Retirement System (PERS) of Ohio. These individuals contribute to the Social Security system. The Village's liability is 6.2 percent of wages paid.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- General Liability
- Auto Liability & Auto Physical Damage
- Property Coverage
- Inland Marine Coverage
- Public Officials Liability

The Village also provides health insurance coverage to full-time employees through Motorists Insurance Company.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Willshire  
Van Wert County  
323 State Street  
P.O. Box 110  
Willshire, Ohio 45898-0110

To the Village Council:

We have audited the accompanying financial statements of the Village of Willshire, Van Wert County, (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated August 15, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2000-30281-001 and 2000-30281-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 15, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 15, 2001.

Village of Willshire  
Van Wert County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 15, 2001

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-30281-001**

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

Budgetary laws and regulations were tested throughout the audit period at the legal level of control. The legal level of control is the level (fund/function/object) at which the appropriation ordinance is adopted by the Council.

Exceptions to this requirement were identified in various funds when we compared the annual appropriation ordinance and supplemental appropriations to the actual expenditures. As of December 31, 2000, the following line accounts had actual expenditures in excess of total appropriations:

<u>Fund</u>	<u>Appropriation</u>	<u>Excess</u>
General Fund	\$104,850	\$ 2,082
Tree Fund	1,500	121
Fire Fund	12,000	11,008
Water Fund	137,658	29,332
Wastewater Fund	112,365	10,977

The following funds had expenditures in excess of appropriations for the year ended December 31, 1999:

<u>Fund</u>	<u>Appropriation</u>	<u>Excess</u>
Fire Fund	\$ 23,000	\$ 2,964
Rural Development	232,855	22,358

During both 1999 and 2000, there were other funds that had line accounts in which expenditures exceeded appropriations at times during the year.

The Council should develop procedures for monitoring appropriations at the level adopted by the Council. These procedures could include but are not limited to a more detailed review of various budgetary reports that are available to the Council.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**FINDING NUMBER 2000-30281-002**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificate should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time that contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

For 100% of the expenditures tested, the Village honored expenditures for which there was no certification from the fiscal officer (Clerk/Treasurer).

The Village should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds.

**VILLAGE OF WILLSHIRE  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JANUARY 1, 1999 - DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-30281-001	Revised Code 5705.41(B), Expenditures exceed appropriations	No	Not Corrected, see Finding Number 2000-30281-001
1998-30281-002	Revised Code 5705.41(D), Failure to encumber funds	No	Not Corrected, see Finding Number 2000-30281-002







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
SEPTEMBER 13, 2001**