



**VILLAGE OF SHILOH  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**



VILLAGE OF SHILOH  
RICHLAND COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

Village of Shiloh  
Richland County  
13 West Main Street  
Shiloh, Ohio 44878

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Shiloh, Richland County, Ohio, (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Unmodified Opinions* 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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Charges for services receipts are reported at \$929,389 and \$873,253 for the years ended December 31, 2017 and 2016 respectively, which is 99.9 percent of total Enterprise Fund operating receipts for the year -ended December 31, 2017, and 99.7 percent of total Enterprise Fund operating receipts for the year ended December 31, 2016. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, disbursements, and related notes of the Enterprise Fund, of the Village of Shiloh, Richland County, Ohio, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Special Revenue, and Agency Funds, and related notes of the Village of Shiloh, Richland County, Ohio, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 10 to the financial statements, January 1, 2016 beginning balances in the Electric and Sewer Enterprise funds have been restated to reduce expenditures originally reported and to eliminate an unallowable advance from the Electric fund to the Sewer fund in 2015. We did not modify our opinion regarding these matters.

As discussed in Note 11 to the financial statements, the Village has experienced a significant decline in General Fund balance. Note 11 also describes Management's evaluation of the events and conditions and their plans to mitigate these matters. Our opinion is unmodified regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

March 5, 2019

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**VILLAGE OF SHILOH  
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 34,035	\$ 9,870	\$ 43,905
Intergovernmental	28,013	38,560	66,573
Charges for Services	300	-	300
Fines, Licenses and Permits	100	-	100
Earnings on Investments	1,966	-	1,966
Miscellaneous	10,636	1,279	11,915
	<b>75,050</b>	<b>49,709</b>	<b>124,759</b>
 <b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	2,125	29,400	31,525
Public Health Services	641	-	641
Leisure Time Activities	151	-	151
Community Environment	1,502	-	1,502
Basic Utility Services	4,801	-	4,801
Transportation	17,007	45,229	62,236
General Government	51,063	314	51,377
	<b>77,290</b>	<b>74,943</b>	<b>152,233</b>
<i>Net Change in Fund Cash Balances</i>	<i>(2,240)</i>	<i>(25,234)</i>	<i>(27,474)</i>
<i>Fund Cash Balances, January 1</i>	<i>17,254</i>	<i>65,824</i>	<i>83,078</i>
 <b>Fund Cash Balances, December 31</b>			
Restricted	-	40,590	40,590
Assigned	15,014	-	15,014
	<b>15,014</b>	<b>40,590</b>	<b>55,604</b>
<i>Fund Cash Balances, December 31</i>	<i>\$ 15,014</i>	<i>\$ 40,590</i>	<i>\$ 55,604</i>

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

**VILLAGE OF SHILOH  
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 929,389	\$ -	\$ 929,389
Miscellaneous	1,340	-	1,340
<i>Total Operating Cash Receipts</i>	<u>930,729</u>	<u>-</u>	<u>930,729</u>
<b>Operating Cash Disbursements</b>			
Personal Services	99,727	-	99,727
Employee Fringe Benefits	29,232	-	29,232
Contractual Services	651,954	-	651,954
Supplies and Materials	47,768	-	47,768
Other	5,700	-	5,700
<i>Total Operating Cash Disbursements</i>	<u>834,381</u>	<u>-</u>	<u>834,381</u>
<i>Operating Income</i>	<u>96,348</u>	<u>-</u>	<u>96,348</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Debt Proceeds	210,405	-	210,405
Capital Outlay	(217,976)	-	(217,976)
Principal Retirement	(119,106)	-	(119,106)
Interest and Other Fiscal Charges	(26,308)	-	(26,308)
Other Financing Sources	-	5,577	5,577
Other Financing Uses	-	(5,577)	(5,577)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(152,985)</u>	<u>-</u>	<u>(152,985)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(56,637)</u>	<u>-</u>	<u>(56,637)</u>
<i>Fund Cash Balances, January 1</i>	<u>468,250</u>	<u>100</u>	<u>468,350</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 411,613</u>	<u>\$ 100</u>	<u>\$ 411,713</u>

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

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Shiloh (the Village), Richland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, electric, and refuse utilities, and park operations. The Village contracts with the Richland County Sheriff's department to provide security of persons and property.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police*** The police fund accounts for and reports the portion of property taxes restricted for the security of persons and property.

***Permissive Sales Tax*** The permissive sales tax fund accounts for and reports permissive sales tax receipts used for the purpose of road work on Village streets.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Electric Fund*** This fund receives charges for services from residents to cover electric service.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

***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.

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,355	\$75,050	\$10,695
Special Revenue	45,021	49,709	4,688
Enterprise	819,208	1,141,134	321,926
Total	\$928,584	\$1,265,893	\$337,309

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,017	\$77,290	\$7,727
Special Revenue	110,043	74,943	35,100
Enterprise	1,198,422	1,197,771	651
Total	\$1,393,482	\$1,350,004	\$43,478

**Note 4 – Deposits and Investments**

The Village 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:

	2017
Demand deposits	\$108,733
Certificates of deposit	343,995
Total deposits	452,728
STAR Ohio	14,589
Total investments	14,589
Total deposits and investments	\$467,317

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

**Village of Shiloh, Ohio**  
*Richland County*  
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*For the Year Ended December 31, 2017*

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Village Council members contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during the calendar year 2017.



**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Loan #92-01	\$135,000	5.00%
OPWC Loan #CP04J	165,000	0.00%
OWDA Loan #4597	504,434	2.00%
OWDA Loan #5351	28,903	0.00%
OWDA Loan #6960	285,068	.9%-1.15%
OWDA Loan #7418	584,535	0.41%
OWDA Loan #7342	40,940	3.02%
Civista Bank Loan	76,533	3.45%
Total	\$1,820,413	

The Village refinanced an AMP-Ohio loan with Civista Bank in 2011. The original loan amount totaled \$320,000 at 3.45% with a maturity date of September 5, 2018. However, the Village accelerated principal payments on the loan and anticipates an early pay-off in 2018. Principal and interest payments are made from the Enterprise Funds and the loan is collateralized by electric deposits.

The Ohio Water Development Authority (OWDA) Loan #4597 relates to the construction of the new water treatment facility. OWDA approved \$705,059 for the loan to be paid over 30 years. The loan will be repaid in semi-annual payments of \$15,683 with an interest rate of 2.00%. Principal and interest payments are made from the Enterprise Funds.

The Ohio Water Development Authority (OWDA) Loan #5351 relates to sanitary sewer and manhole rehabilitation. OWDA approved \$48,171 for the loan to be paid over 20 years. The loan will be repaid in semi-annual payments of \$1,204 with an interest rate of 0%. Principal and interest payments are made from the Enterprise Funds.

The Ohio Water Development Authority (OWDA) Loan #6960 relates to waterline replacement. OWDA approved two separate loans in the amounts of \$288,285 and \$19,321, respectively, to be paid over 30 years. The loans will be repaid in semi-annual payments of \$5,875 with an interest rate of 0.90% and 1.15%, respectively. Principal and interest payments are made from the Enterprise Funds.

The Ohio Water Development Authority (OWDA) Loan #7342 relates to general sewer and mercury pollutant minimization plans. As of 12/31/17, OWDA has disbursed \$42,300 with additional capitalized interest in the amount of \$755. The loan has an interest rate of 3.02% and is to be payable over five years. Though principal and interest payments have been made against the debt, the loan has not been finalized and an amortization schedule for future payments is not available.

The Ohio Water Development Authority (OWDA) Loan #7418 relates to the elevated water tower. As of 12/31/2017, OWDA has disbursed \$604,660 with additional capitalized interest in the amount of \$222. The loan has an interest rate of 0.41% and is to be payable over 30 years. Though principal and interest payments have been made against the debt, the loan has not been finalized and an amortization schedule for future payments is not available.

**Village of Shiloh, Ohio**  
*Richland County*  
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*For the Year Ended December 31, 2017*

In August 2017, the Ohio Water Development Authority (OWDA) issued loan #7801 for sewer treatment plant upgrades. As of 12/31/17, \$381,531 has been encumbered by OWDA for the loan. However, no disbursements were issued as of 12/31/17.

The USDA (United States Department of Agriculture) Loan relates to a sewer project. The USDA approved \$245,000 in loans to the Village for this project and the loan was issued in 1990. The loan, including interest, will be repaid in variable annual installments over 40 years. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) Loan #CP04J relates to construction at the water plant. The loan was issued in 2009 in the amount of \$300,000. The loan will be repaid in semiannual payments of \$7,500 over 20 years. There is no interest on this loan.

***Amortization***

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

Year Ending December 31:	USDA Loan	OPWC Loan	OWDA Loan #4597	OWDA Loan #5351	OWDA Loan #6960
2018	\$14,350	\$15,000	\$31,367	\$2,409	\$11,750
2019	14,370	15,000	31,367	2,409	11,750
2020	14,370	15,000	31,367	2,409	11,750
2021	14,350	15,000	31,367	2,409	11,750
2022	14,410	15,000	31,367	2,409	11,750
2023-2027	71,820	75,000	156,836	12,042	58,749
2028-2032	43,185	15,000	156,836	4,816	58,749
2033-2037	0	0	141,152	0	58,749
2038-2042	0	0	0	0	58,749
2043-2045	0	0	0	0	29,375
Total	<u>\$186,855</u>	<u>\$165,000</u>	<u>\$611,659</u>	<u>\$28,903</u>	<u>\$323,121</u>

**Note 10 – AMP Ohio**

The Village is a member of American Municipal Power (AMP) and is a participant in the following AMP projects:

**A. AMPGS**

Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (“AMPGS”), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (“Bechtel”), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“AMPGS Participants”) voted to cease development of AMPGS as a coal fired project.

**Village of Shiloh, Ohio**  
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In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of January 1, 2019, \$17,114,359 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$36,188,681 on AMP's Line of Credit was allocable to plant held for future use.

**B. Prairie State Energy Campus**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "*PSEC Ownership Interest*") in the Prairie State Energy Campus ("*PSEC*"), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("*AMP 368 LLC*"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "*Initial Prairie State Bonds*") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds (the "*Prairie State Refunding Bonds*") and, together with the Initial Prairie State Bonds, the "*Prairie State Bonds*") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of January 1, 2019, AMP had \$1,537,430,000 aggregate principal amount of Prairie State Bonds outstanding.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "*Prairie State Power Sales Contract*") with 68 Members (the "*Prairie State Participants*"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

**C. AMP Fremont Energy Center**

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation ("*FirstEnergy*") the Fremont Energy Center ("*AFEC*"), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

**Village of Shiloh, Ohio**  
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AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 86 of its Members (the “AFEC Power Sales Contract”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “2012 AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “AFEC Refunding Bonds” and, together with the 2012 AFEC Bonds, the “AFEC Bonds”) to refund a portion of the 2012 AFEC Bonds. As of January 1, 2019, \$499,105,000 aggregate principal amount of AFEC Bonds was outstanding.

**D. Combined Hydroelectric Projects**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount of \$2,354,485,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of January 1, 2019, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. (“Voith”), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Project.

**Note 11 – Subsequent Event / Financial Distress**

As of February 28, 2019, the General Fund had a deficit cash balance in the amount of (\$3,125). After the result of audit adjustments from the 2016-2017 financial audit, the deficit cash balance is (\$16,518). The Village is developing a management plan to analyze expenses traditionally posted to the General Fund in hopes of determining allowable allocation to other funds of the Village.

**VILLAGE OF SHILOH  
RICHLAND COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 38,590	\$ 11,570	\$ 50,160
Intergovernmental	28,044	38,714	66,758
Fines, Licenses and Permits	6,726	-	6,726
Earnings on Investments	2,265	-	2,265
Miscellaneous	6,538	548	7,086
<i>Total Cash Receipts</i>	<u>82,163</u>	<u>50,832</u>	<u>132,995</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	1,255	3,226	4,481
Public Health Services	520	-	520
Leisure Time Activities	2,142	225	2,367
Community Environment	1,674	-	1,674
Basic Utility Services	6,458	-	6,458
Transportation	30,816	42,677	73,493
General Government	61,584	773	62,357
Capital Outlay	7,518	-	7,518
Debt Service:			
Principal Retirement	4,284	-	4,284
<i>Total Cash Disbursements</i>	<u>116,251</u>	<u>46,901</u>	<u>163,152</u>
<i>Net Change in Fund Cash Balances</i>	<u>(34,088)</u>	<u>3,931</u>	<u>(30,157)</u>
<i>Fund Cash Balances, January 1</i>	<u>51,342</u>	<u>61,893</u>	<u>113,235</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	65,824	65,824
Assigned	17,254	-	17,254
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,254</u>	<u>\$ 65,824</u>	<u>\$ 83,078</u>

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

**VILLAGE OF SHILOH  
RICHLAND COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 873,253	\$ -	\$ 873,253
Fines, Licenses and Permits	1,000	-	1,000
Miscellaneous	1,741	-	1,741
<i>Total Operating Cash Receipts</i>	<u>875,994</u>	<u>-</u>	<u>875,994</u>
<b>Operating Cash Disbursements</b>			
Personal Services	76,951	-	76,951
Employee Fringe Benefits	37,038	-	37,038
Contractual Services	532,920	-	532,920
Supplies and Materials	88,823	-	88,823
Other	22,980	-	22,980
<i>Total Operating Cash Disbursements</i>	<u>758,712</u>	<u>-</u>	<u>758,712</u>
<i>Operating Income</i>	<u>117,282</u>	<u>-</u>	<u>117,282</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	42,757	-	42,757
Other Debt Proceeds	483,221	-	483,221
Miscellaneous Receipts	1,818	-	1,818
Capital Outlay	(435,476)	-	(435,476)
Principal Retirement	(101,860)	-	(101,860)
Interest and Other Fiscal Charges	(26,943)	-	(26,943)
Other Financing Sources	-	6,316	6,316
Other Financing Uses	-	(10,716)	(10,716)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(36,483)</u>	<u>(4,400)</u>	<u>(40,883)</u>
<i>Net Change in Fund Cash Balances</i>	80,799	(4,400)	76,399
<i>Fund Cash Balances, January 1 (restated)</i>	<u>387,451</u>	<u>4,500</u>	<u>391,951</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 468,250</u>	<u>\$ 100</u>	<u>\$ 468,350</u>

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

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Shiloh (the Village), Richland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, electric, and refuse utilities, and park operations. The Village contracts with the Richland County Sheriff's department to provide security of persons and property.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Permissive Sales Tax*** The permissive sales tax fund accounts for and reports permissive sales tax receipts used for the purpose of road work on Village streets.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Electric Fund*** This fund receives charges for services from residents to cover electric service.

**Village of Shiloh, Ohio**  
*Richland County*  
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*For the Year Ended December 31, 2016*

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***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.



**Village of Shiloh, Ohio**  
*Richland County*  
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***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

***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.

**Village of Shiloh, Ohio**  
*Richland County*  
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**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,000	\$82,163	(\$30,837)
Special Revenue	117,525	50,832	(66,693)
Enterprise	1,911,266	1,403,790	(507,476)
Total	\$2,141,791	\$1,536,785	(\$605,006)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,759	\$116,251	\$53,508
Special Revenue	90,239	46,901	43,338
Enterprise	1,388,523	1,322,991	65,532
Total	\$1,648,521	\$1,486,143	\$162,378

**Note 4 – Deposits and Investments**

The Village 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:

	2016
Demand deposits	\$194,810
Certificates of deposit	342,185
Total deposits	536,995
STAR Ohio	14,433
Total investments	14,433
Total deposits and investments	\$551,428

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Village of Shiloh, Ohio**  
*Richland County*  
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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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

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

**Village of Shiloh, Ohio**  
*Richland County*  
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The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

***Social Security***

Village Council members contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Village of Shiloh, Ohio**  
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**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
USDA Loan #92-01	\$142,300	5.00%
OPWC Loan #CP04J	180,000	0.00%
OWDA Loan #4597	525,398	2.00%
OWDA Loan #5351	31,311	0.00%
OWDA Loan #6960	293,811	.9%-1.15%
OWDA Loan #7418	437,532	0.41%
Civista Bank Loan	118,653	3.45%
Total	\$1,729,005	

The Village refinanced an AMP-Ohio loan with Civista Bank in 2011. The original loan amount totaled \$320,000 at 3.45% with a maturity date of September 5, 2018. However, the Village accelerated principal payments on the loan and anticipates an early pay-off in 2018. Principal and interest payments are made from the Enterprise Funds and the loan is collateralized by electric deposits.

The Ohio Water Development Authority (OWDA) Loan #4597 relates to the construction of the new water treatment facility. OWDA approved \$705,059 for the loan to be paid over 30 years. The loan will be repaid in semi-annual payments of \$15,683 with an interest rate of 2.00%. Principal and interest payments are made from the Enterprise Funds.

The Ohio Water Development Authority (OWDA) Loan #5351 relates to sanitary sewer and manhole rehabilitation. OWDA approved \$48,171 for the loan to be paid over 20 years. The loan will be repaid in semi-annual payments of \$1,204 with an interest rate of 0%. Principal and interest payments are made from the Enterprise Funds.

The Ohio Water Development Authority (OWDA) Loan #6960 relates to waterline replacement. OWDA approved two separate loans in the amounts of \$288,285 and \$19,321, respectively, to be paid over 30 years. The loans will be repaid in semi-annual payments of \$5,875 with an interest rate of 0.90% and 1.15%, respectively. Principal and interest payments are made from the Enterprise Funds. Though principal and interest payments have been made against the debt, the loan has not been finalized and an amortization schedule for future payments is not available.

In May 2016, the Ohio Water Development Authority (OWDA) issued loan #7342 for general sewer and mercury pollutant minimization plans. As of 12/31/16, \$42,300 has been encumbered by OWDA for the loan. However, no disbursements were issued as of 12/31/16.

The Ohio Water Development Authority (OWDA) Loan #7418 relates to the elevated water tower. As of 12/31/2016, OWDA has disbursed \$437,310 with additional capitalized interest in the amount of \$222. The loan has an interest rate of 0.41% and is to be payable over 30 years. The loan has not been finalized and an amortization schedule for future payments is not available.

**Village of Shiloh, Ohio**  
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The USDA (United States Department of Agriculture) Loan relates to a sewer project. The USDA approved \$245,000 in loans to the Village for this project and the loan was issued in 1990. The loan, including interest, will be repaid in variable annual installments over 40 years. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) Loan #CP04J relates to construction at the water plant. The loan was issued in 2009 in the amount of \$300,000. The loan will be repaid in semiannual payments of \$7,500 over 20 years. There is no interest on this loan.

In 2016, the Village paid off a truck loan for the street department.

***Amortization***

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

Year Ending December 31:	USDA Loan	OPWC Loan	OWDA Loan #4597	OWDA Loan #5351
2017	\$14,415	\$15,000	\$31,367	\$2,409
2018	14,350	15,000	31,367	2,409
2019	14,370	15,000	31,367	2,409
2020	14,370	15,000	31,367	2,409
2021	14,350	15,000	31,367	2,409
2022-2026	71,880	75,000	156,836	12,041
2027-2031	57,535	30,000	156,836	7,225
2032-2036	0	0	156,836	0
2037-2041	0	0	15,684	0
Total	<u>\$201,270</u>	<u>\$180,000</u>	<u>\$643,027</u>	<u>\$31,311</u>

**Note 10 – Restatement of Prior Year Fund Balances**

Fund balances in the Electric and Sewer Enterprise funds have been restated to reduce expenditures originally reported and to eliminate an unallowable advance from the Electric fund to the Sewer fund in 2015. These corrections had the following effect on the fund balances as of December 31, 2015:

	Electric Fund	Water Fund	Sewer Fund	Storm Sewer Fund	Utility Deposit Fund	Refuse Fund	Total Enterprise Fund
Fund Balance at 12/31/15	\$137,076	\$52,116	\$147,156	\$8,951	\$6,477	\$28,217	\$379,993
Correction in Prior Year Expenditures	-	-	7,458	-	-	-	7,458
Correction of Unallowable Advance	50,000	-	(50,000)	-	-	-	-
Restated Fund Balance at 12/31/15	<u>\$187,076</u>	<u>\$52,116</u>	<u>\$104,614</u>	<u>\$8,951</u>	<u>\$6,477</u>	<u>\$28,217</u>	<u>\$387,451</u>

**Village of Shiloh, Ohio**  
*Richland County*  
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**Note 11 – Subsequent Event / Financial Distress**

As of February 28, 2019, the General Fund had a deficit cash balance in the amount of (\$3,125). After the result of audit adjustments from the 2016-2017 financial audit, the deficit cash balance is (\$16,518). The Village is developing a management plan to analyze expenses traditionally posted to the General Fund in hopes of determining allowable allocation to other funds of the Village.

**Note 12 – AMP Ohio**

The Village is a member of American Municipal Power (AMP) and is a participant in the following AMP projects:

**A. AMPGS**

Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (“AMPGS”), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (“Bechtel”), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“AMPGS Participants”) voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of January 1, 2019, \$17,114,359 on AMP’s Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$36,188,681 on AMP’s Line of Credit was allocable to plant held for future use.

**B. Prairie State Energy Campus**

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “PSEC Ownership Interest”) in the Prairie State Energy Campus (“PSEC”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“AMP 368 LLC”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds (the “*Prairie State Refunding Bonds*”) and, together with the Initial Prairie State Bonds, the “*Prairie State Bonds*”) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of January 1, 2019, AMP had \$1,537,430,000 aggregate principal amount of Prairie State Bonds outstanding.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the “*Prairie State Power Sales Contract*”) with 68 Members (the “*Prairie State Participants*”). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

**C. AMP Fremont Energy Center**

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“*FirstEnergy*”) the Fremont Energy Center (“*AFEC*”), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “*90.69% Interest*”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 86 of its Members (the “*AFEC Power Sales Contract*”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “*2012 AFEC Bonds*”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “*AFEC Refunding Bonds*”) and, together with the 2012 AFEC Bonds, the “*AFEC Bonds*”) to refund a portion of the 2012 AFEC Bonds. As of January 1, 2019, \$499,105,000 aggregate principal amount of AFEC Bonds was outstanding.



**Village of Shiloh, Ohio**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**D. Combined Hydroelectric Projects**

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “*Combined Hydroelectric Projects*”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,354,485,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of January 1, 2019, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. (“*Voith*”), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Project.

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# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Shiloh  
Richland County  
13 West Main Street  
Shiloh, Ohio 44878

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Shiloh, Richland County, Ohio, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 5, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion as we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise fund. We also noted January 1, 2016 beginning balances in the Electric and Sewer Enterprise funds have been restated to reduce expenditures originally reported and to eliminate an unallowable advance from the Electric fund to the Sewer fund in 2015. We further noted the Village has experienced a significant decline in General Fund balance.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 through 2017-004 to be material weaknesses.

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2017-002 and 2017-003.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

March 5, 2019

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

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

FINDING 2017-001

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of management and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village does not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified on the financial statements. As a result, below are descriptions of the numerous reclassifications and adjustments that were deemed material and required posting to the Village's 2017 and 2016 financial statements:

- In 2017 and 2016, balances in the General Fund and Special Revenue Fund were reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.
- In 2017 and 2016, General Fund and Special Revenue Fund receipts were reclassified from intergovernmental receipts to property tax receipts and adjustments were made to record receipts at gross amounts.
- In 2016, \$50,653 of Enterprise Fund disbursements were reclassified to agree to amounts from the underlying accounting ledgers.
- In 2016, Agency Fund beginning balance was adjusted by \$3,602 to agree to prior audited fund balance.
- In 2016, Electric and Sewer Enterprise funds were restated to eliminate a \$50,000 unallowable advance made in 2015 (see Note 10 for further detail).
- In 2016, Enterprise Fund intrafund transfers were eliminated on the financial statements.
- In 2017, \$4,500 of General Fund and \$4,500 of Enterprise Fund advances in/out were removed from the financial statements.
- In 2017, General Fund mayor's court fines and fees totaling \$3,266 were reclassified from miscellaneous receipts to fines, licenses and permits.
- In 2017, adjustments were made to correct Enterprise Fund activity improperly shown as Capital Projects Fund on the financial statements.
- In 2017 and 2016, \$68,996 and \$59,423, respectively, of charges for services receipts were corrected to show December receipts in the year collected versus in January of the following year.
- In 2016, Enterprise fund return of utility deposits in the amount of \$4,458 was reclassified from negative advances-in to other disbursements.
- In 2016, utility deposit receipts in the amount of \$24,477 were reclassified from transfers-out to charges for services receipts.
- In 2016, Agency Fund receipts totaling \$6,316 were reclassified from discount on debt to other financing sources and Agency Fund disbursements totaling \$7,114 were reclassified from other financing sources to other financing uses.
- In 2017, Agency Fund receipts totaling \$5,577 were reclassified from fines, licenses & permits to other financing sources.

**VILLAGE OF SHILOH  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**Financial Reporting – Material Weakness (Continued)**

The Village has recorded these reclassifications and adjustments to the financial statements and accounting records. By not ensuring proper financial statement presentation, the Village cannot report accurate financial activity to its constituents.

We recommend the Village implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

**Officials' Response:**

The Village is currently working on more controls and reviews to avoid these issues in the future.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)

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

FINDING NUMBER 2017-002

**Revenue Posting – Material Noncompliance / Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.

The Village posted receipts to improper funds as follows:

- In 2016 and 2017, Police Fund homestead & rollback receipts totaling \$774 and \$1,862, respectively, were misposted to the General Fund.
- In 2016 and 2017, Permissive License Tax Fund permissive tax receipts totaling \$1,572 and \$1,639, respectively, were misposted to the Permissive Sales Tax Fund.
- In 2016 and 2017, the Village transferred an excess of \$2,634 and \$7,425, respectively, from the Enterprise Fund to the General Fund related to kilowatt hour taxes collected from users inside the corporation limits. This was due to the Fiscal Officer incorrectly transferring usage amounts versus receipt amounts.
- In 2017, Enterprise Fund delinquent utility receipts totaling \$697 were misposted to the General fund.

Failure to properly post receipts could result in restricted monies being used for unallowable purposes and could also lead to inaccurate financial statements. The Village's accounting records and financial statements have been adjusted to properly record these receipts.

We recommend the Village closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into the special fund for such purpose.

**Officials' Response:**

Since these mistakes have been identified and explained, the receipts will now be properly posted to the correct funds. A municipal permissive tax has already been established.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)

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

FINDING NUMBER 2017-003

**On-Behalf Payments – Material Noncompliance / Material Weakness**

**Ohio Rev. Code § 5705.42** requires, in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates when a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2016, the Ohio Public Works Commission (OPWC) expended \$42,757 for a road project on behalf of the Village. Additionally, in 2017 and 2016, the Ohio Water Development Authority (OWDA) expended \$43,055 and \$48,171, respectively, for mercury pollutant minimization and waterline replacement projects on behalf of the Village. Under the terms of these agreements, OPWC and OWDA made project payments directly to the vendor/contractor on the Village's behalf. These amounts were not recognized as receipts and disbursements, nor were they included in the appropriations or estimated resources, in the Village's accounting records, thus understating the Enterprise Fund's receipts and capital outlay disbursements, along with understating the Enterprise Fund's appropriations and estimated resources. This was caused by the Village not having procedures in place for recording on-behalf of payments. An adjustment was made to the financial statements and notes to recognize these receipts and disbursements.

By not properly recording on-behalf payments, the Village cannot report accurate financial activity to its constituents.

Any payments made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement. See AOS Bulletin 2000-008 for further guidance on posting the on-behalf of activity. Failure to do so results in an understatement of receipts and disbursements. Additionally, since this grant is deemed to be appropriated pursuant to Ohio Rev. Code Section 5705.42, the Village should record the appropriations in their accounting records and should request an amended certificate of estimated resources to reflect the additional receipts.

**Officials' Response:**

In the future, all grants/monies used to benefit the Village will be recorded by the Village.



VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)

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

FINDING NUMBER 2017-004

**Utility Charges for Services – Material Weakness**

The Village should have a policy and procedures manual that is reviewed and approved by the Village Council and updated regularly. Such policy should include, but not be limited to: electric, water and sewer rates, how non-cash adjustments and new accounts are handled, how meter readings will be conducted, when billings will be sent and follow-ups regarding unpaid bills, how to process receipts, how and when to credit customer accounts, and how and when to make deposits. The manual should also detail who is responsible for each of these functions.

The following issues were identified during review of utility receipts:

- The Village does not have formal written policies and procedures for the electric, water, and sewer accounting functions.
- Electric charges could not be recalculated for certain commercial demand charges and the errors within the billing system were not determinable.
- Certain commercial accounts were not being billed storm sewer charges.
- Certain commercial accounts were not being billed the proper Council-approved water rates and storm water rates.
- Kilowatt tax was not being charged for the September 2016 billing cycle.
- Agricultural rate increase for 2016 was not properly updated in the billing system.
- The December 2016 meter reading report was unavailable to support usage billed.
- Detailed utility billing and receipt reports were not reviewed by management or the Village Council.
- Non-cash adjustment reports could not be retrieved from the billing system after month end reports were finalized.

As a result of the above issues, we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise fund, which resulted in a qualified audit opinion. Additionally, failure to have a policy and procedure manual can cause adjustments to be made that have not been approved by Village Council, accounts changed with no support, misappropriation of assets or funds, and inaccurate financial records.

We recommend the Village implement a policy and procedures manual over the electric, water, and sewer functions and the Village Council should monitor to ensure controls are effective. Such policy should include procedures to ensure the approved utility rates are accurately entered into the billing system. We further recommend utility reports are monitored by management and the Council for errors and/or irregularities. Such reports should include detailed information on utility billings, receipts, customer balances, and non-cash adjustments.

**Officials' Response:**

The Village is actively searching for a new utility billing program. The deposits and non-cash adjustments created by the utility clerk are being reviewed and signed by the fiscal officer.

# Village of Shiloh

RICHLAND COUNTY

13 W. Main Street • P.O. Box 242 • Shiloh, OH 44878

PHONE: 419-896-2011

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness/Noncompliance – Annual financial reporting and financial statement adjustments  (Finding first occurred in 2011)	Partially Corrected	The 2016 and 2017 annual financial reports were filed timely; however, there were multiple adjustments as noted in current audit Finding 2017-001. See Officials' Response for planned corrective action.
2015-002	Material Weakness – Mayor's Court reconciliations  (Finding first occurred in 2013)	Fully Corrected	
2015-003	Material Weakness/Noncompliance – ORC 733.40, Mayor's Court remittances  (Finding first occurred in 2013)	Fully Corrected	
2015-004	Material Weakness/Noncompliance – ORC 5705.39, appropriations exceeded estimated resources	Fully Corrected	
2015-005	Material Weakness/Noncompliance – ORC 5705.41(B), expenditures exceeded appropriations  (Finding first occurred in 2009)	Fully Corrected	
2015-006	Significant Deficiency/Noncompliance – ORC 5705.41(D), certification of expenditures  (Finding first occurred in 2011)	Fully Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SHILOH**

**RICHLAND 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  
APRIL 11, 2019**