

***VILLAGE OF SHILOH***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2009 and 2008**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Shiloh  
13 West Main Street  
Shiloh, Ohio 44878

We have reviewed the *Report of Independent Accountants* of the Village of Shiloh, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 3, 2010

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**VILLAGE OF SHILOH**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2009 and 2008**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Shiloh, Richland County, Ohio as and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Shiloh, Richland County as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2010, 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***  
May 10, 2010

**VILLAGE OF SHILOH  
 RICHLAND COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Local Taxes	\$ 19,808	\$ 12,267	\$ 32,075
Intergovernmental Revenue	33,117	43,212	76,329
Fines, Licenses and Permits	13,911	2,296	16,207
Earnings on Investments	3,280	78	3,358
Miscellaneous	21,529	4,761	26,290
<b>Total Cash Receipts</b>	<b>91,645</b>	<b>62,614</b>	<b>154,259</b>
<b>Cash Disbursements:</b>			
Security of Persons and Property	20,000	11,095	31,095
Public Health Services	620	-	620
Leisure Time Activities	788	-	788
Community Environment	1,435	-	1,435
Basic Utility Services	1,032	-	1,032
Transportation	27,783	34,648	62,431
General Government	37,512	-	37,512
<b>Debt Service</b>			
Principal	3,909	-	3,909
Interest	463	-	463
<b>Total Cash Disbursements</b>	<b>93,542</b>	<b>45,743</b>	<b>139,285</b>
<b>Total Receipts Over(Under) Disbursements</b>	<b>(1,897)</b>	<b>16,871</b>	<b>14,974</b>
<b>Fund Balance January 1, 2009</b>	<b>46,135</b>	<b>52,467</b>	<b>98,602</b>
<b>Fund Balance December 31 2009</b>	<b>\$ 44,238</b>	<b>\$ 69,338</b>	<b>\$ 113,576</b>
<b>Reserve for Encumbrances, December 31, 2009</b>	<b>\$ 1,922</b>	<b>\$ 5,438</b>	<b>\$ 7,360</b>

See accompanying Notes to the Financial Statements.



VILLAGE OF SHILOH  
 RICHLAND COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$ 21,160	\$ 11,180	-	\$ 32,340
Intergovernmental Revenue	37,118	50,248	-	87,366
Fines, Licenses and Permits	6,275	-	-	6,275
Earnings on Investments	25,570	1,634	-	27,204
Miscellaneous	7,950	120	-	8,070
<b>Total Cash Receipts</b>	<u>98,073</u>	<u>63,182</u>	<u>-</u>	<u>161,255</u>
<b>Cash Disbursements:</b>				
Security of Persons and Property	15,000	15,700	-	30,700
Public Health Services	510	-	-	510
Leisure Time Activities	661	-	-	661
Community Environment	1,404	-	-	1,404
Basic Utility Services	1,849	-	-	1,849
Transportation	38,442	42,189	-	80,631
General Government	46,814	-	-	46,814
Capital Outlay	1,700	-	\$ 65,724	67,424
<b>Debt Service:</b>				
Principal	2,863	1,805	-	4,668
Interest	404	404	-	808
<b>Total Cash Disbursements</b>	<u>109,647</u>	<u>60,098</u>	<u>65,724</u>	<u>235,469</u>
<b>Total Receipts Over(Under) Disbursements</b>	(11,574)	3,084	(65,724)	(74,214)
<b>Other Financing Sources/Uses</b>				
Sale of Notes	-	-	65,724	65,724
Other Financing Sources	21,553	-	-	21,553
<b>Total Other Financing Sources/Uses</b>	<u>21,553</u>	<u>-</u>	<u>65,724</u>	<u>87,277</u>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	9,979	3,084	-	13,063
<b>Fund Balance January 1, 2008</b>	<u>36,156</u>	<u>49,383</u>	<u>-</u>	<u>85,539</u>
<b>Fund Balance December 31, 2008</b>	<u>\$ 46,135</u>	<u>\$ 52,467</u>	<u>\$ -</u>	<u>\$ 98,602</u>
<b>Reserve for Encumbrances, December 31, 2008</b>	<u>\$ 7,419</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 7,839</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
 For the Year Ended December 31, 2009

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
<b>Operating Receipts:</b>			
Charges for Services	\$ 763,491	-	\$ 763,491
<b>Total Operating Receipts</b>	<b>763,491</b>	<b>-</b>	<b>763,491</b>
<b>Operating Disbursements:</b>			
Personal Services	70,765	-	70,765
Contractual Services	520,306	-	520,306
Supplies and Materials	54,022	-	54,022
Capital Outlay	21,463	-	21,463
<b>Total Operating Disbursements</b>	<b>666,556</b>	<b>-</b>	<b>666,556</b>
<b>Excess Operating Receipts Over/(Under) Operating Disbursements</b>	<b>96,935</b>	<b>-</b>	<b>96,935</b>
<b>Non-Operating Receipts/(Disbursements):</b>			
Fines and Fees	-	\$ 23,870	23,870
Sale of Notes	380,000	-	380,000
Other Financing Sources	2,200	-	2,200
Other Financing Uses	(2,137)	-	(2,137)
Distribution of Fines and Fees	-	(23,870)	(23,870)
<b>Debt Service:</b>			
Principal	(454,436)	-	(454,436)
Interest	(34,448)	-	(34,448)
<b>Total Non-Operating Receipts/(Disbursements)</b>	<b>(108,821)</b>	<b>-</b>	<b>(108,821)</b>
<b>Excess Receipts Over/(Under) Disbursements Before Transfers</b>	<b>(11,886)</b>	<b>-</b>	<b>(11,886)</b>
Transfers-In	108,662	-	108,662
Transfers-Out	(108,662)	-	(108,662)
<b>Net Receipts Over/(Under) Disbursements</b>	<b>(11,886)</b>	<b>-</b>	<b>(11,886)</b>
<b>Fund Balance January 1, 2009</b>	<b>392,926</b>	<b>898</b>	<b>393,824</b>
<b>Fund Balance December 31, 2009</b>	<b>\$ 381,040</b>	<b>\$ 898</b>	<b>\$ 381,938</b>
<b>Reserve for Encumbrances, December 31, 2009</b>	<b>\$ 72,081</b>	<b>\$ -</b>	<b>\$ 72,081</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
 For the Year Ended December 31, 2008

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
<b>Operating Receipts:</b>			
Charges for Services	\$ 774,779	-	\$ 774,779
Miscellaneous	11,754	-	11,754
<b>Total Operating Receipts</b>	<b>786,533</b>	<b>-</b>	<b>786,533</b>
<b>Operating Disbursements:</b>			
Personal Services	83,558	-	83,558
Travel Transportation	793	-	793
Contractual Services	531,873	-	531,873
Supplies and Materials	77,380	-	77,380
Capital Outlay	31,627	-	31,627
<b>Total Operating Disbursements</b>	<b>725,231</b>	<b>-</b>	<b>725,231</b>
<b>Excess Operating Receipts Over/(Under) Operating Disbursements</b>	<b>61,302</b>	<b>-</b>	<b>61,302</b>
<b>Non-Operating Receipts/(Disbursements):</b>			
Other Financing Sources	300	-	300
Sale of Notes	410,000	-	410,000
Earnings on Investments	21,982	-	21,982
Fines and Fees	-	\$ 7,095	7,095
Other Financing Uses	(2,230)	-	(2,230)
Distribution of Fines and Fees	-	(7,095)	(7,095)
<b>Debt Service:</b>			
Principal	(626,426)	-	(626,426)
Interest	(56,285)	-	(56,285)
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>(252,659)</b>	<b>-</b>	<b>(252,659)</b>
<b>Excess Receipts Over/(Under) Disbursements Before Transfers</b>	<b>(191,357)</b>	<b>-</b>	<b>(191,357)</b>
Transfers-In	116,415	-	116,415
Transfers-Out	(116,415)	-	(116,415)
<b>Net Receipts Over/(Under) Disbursements</b>	<b>(191,357)</b>	<b>-</b>	<b>(191,357)</b>
<b>Restated Fund Balance January 1, 2008, See Note 11</b>	<b>584,283</b>	<b>898</b>	<b>585,181</b>
<b>Fund Balance December 31, 2008</b>	<b>\$ 392,926</b>	<b>\$ 898</b>	<b>\$ 393,824</b>
<b>Reserve for Encumbrances, December 31, 2008</b>	<b>\$ 115,776</b>	<b>\$ -</b>	<b>\$ 115,776</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Shiloh, Richland County, (the Village) is a body corporate and politic established for the purpose of exercising 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 government services, including water, sewer and electrical utilities. The Village contracts with the Richland County Sheriff's Department to provide police services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. **BASIS OF ACCOUNTING**

The Village prepares its financial statements following 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

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

C. **INVESTMENTS AND INACTIVE FUNDS**

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

D. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Fund Types:**

**General Fund:** The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Fund Types – (continued)

**Special Revenue Funds:** To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds:

- ***Street Construction, Maintenance and Repair Fund:*** This fund receives gasoline tax money and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- ***Permissive Sales Tax Fund:*** This fund is used to account for sales tax revenues received and used to pay for road projects.
- ***Police Fund:*** This fund receives real estate and personal property tax money to pay for the police protection services provided by the Richland County Sheriff's Office.

**Capital Projects Fund:** These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following capital project fund:

- ***Infiltration and Inflow Fund:*** This fund was created to account for Ohio Water Development Authority funds used to connect storm sewer lines into the sanitary sewer lines.

Proprietary Fund Type:

Enterprise Funds

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

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

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fiduciary Fund Types:

Agency Fund

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant agency fund:

*Mayor's Court Fund*- This fund receives fines, bonds and costs assessed by the Court and disburses these amounts to the State, Village or the payee.

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, 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. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 Notes To The Financial Statements  
 For The Years Ended December 31, 2009 and 2008

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>2008</u>	<u>2009</u>
Demand Deposits	\$ 113,091	\$ 116,100
STAR-Ohio	54,235	14,314
Cash on Hand	100	100
Certificates of Deposit	325,000	365,000
Total	<u>\$ 492,426</u>	<u>\$ 495,514</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 or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 is as follows:

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General	\$ 95,000	\$ 91,645	\$ (3,355)
Special Revenue	69,170	62,614	(6,556)
Enterprise	867,000	1,254,353	387,353
Total	<u>\$ 1,031,170</u>	<u>\$ 1,408,612</u>	<u>\$ 377,442</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
	<u>Authority</u>	<u>Disbursements</u>	
General	\$ 138,100	\$ 95,464	\$ 42,636
Special Revenue	125,917	51,181	74,736
Enterprise	1,072,903	1,338,320	(265,417)
Total	<u>\$ 1,336,920</u>	<u>\$ 1,484,965</u>	<u>\$ (148,045)</u>

VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 Notes To The Financial Statements  
 For The Years Ended December 31, 2009 and 2008

3. **BUDGETARY ACTIVITY** – (continued)

<b>2008 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 111,675	\$ 119,626	\$ 7,951
Special Revenue	57,470	63,182	5,712
Capital Projects	120,000	65,724	(54,276)
Enterprise	867,000	1,335,230	468,230
<b>Total</b>	<b>\$ 1,156,145</b>	<b>\$ 1,583,762</b>	<b>\$ 427,617</b>

<b>2008 Budgeted vs. Actual Budgetary Basis Disbursements</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 147,720	\$ 117,066	\$ 30,654
Special Revenue	106,800	60,518	46,282
Capital Projects	120,000	65,724	54,276
Enterprise	1,491,078	1,642,363	(151,285)
<b>Total</b>	<b>\$ 1,865,598</b>	<b>\$ 1,885,671</b>	<b>\$ (20,073)</b>

4. **PROPERTY TAXES**

Real property becomes 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utility property tax receipts received represent the collection of the previous year's taxes. Public utility real and tangible personal property taxes received in the current year became a lien on December 31, were levied after October 1 of the previous year, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true value as of December 31 of the previous year. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, 6.25 percent for 2008, and zero for 2009.

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



**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008**

**5. RETIREMENT SYSTEM**

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement 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 2009 & 2008, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2009 and 2008.

**6. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts which vary from Member to Member.

Plan Members are responsible to notify the Plan of their intent to renew coverages 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.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2008</u>	<u>2007</u>
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

The Village also provides health insurance coverage to full-time employees through a private carrier.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008**

**7. DEBT**

Debt outstanding at December 31, 2009, was as follows:

	Principal	Interest Rate
USDA Loan	\$ 184,400	5.00%
OPWC Loan-CP31D	3,175	0.00%
OWDA - 4597	661,014	2.00%
Citizens Bank	20,460	5.30%
AMP-Ohio	380,000	4.10%
OPWC Loan-CP04J	277,500	0.00%
Total	<u>\$ 1,526,549</u>	

The December 31, 2007 principal balance for the AMP-Ohio BAN should have been \$590,000.

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

The OPWC (Ohio Public Works Commission) loan (CP31D) relates to a Village resurfacing project. The loan was issued in 2001 in the amount of \$12,700. The loan will be repaid in semi-annual payments of \$529 over 12 years. There is no interest on this loan.

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 25 years. All funds have not been distributed as of December 31, 2009. An amortization schedule is not available. The loan will be repaid in semi-annual payments of \$15,683 over 30 years.

The Citizens Bank loan was for the purchase of a back hoe. The loan is for five years with an annual principal payment of \$11,066. The loan will be repaid out of the General fund, Street Construction, Maintenance and Repair Fund, the Water Fund, the Sewer Fund and the Electric Fund.

The AMP-Ohio loan was for upgrades to the Village's electrical system. The one-year bond anticipation notes (BAN) was approved for \$590,000. The Village intends on renewing the BAN in August 2010. The Village will pay a portion of the principal and renew the BAN at an unknown amount.

The OPWC (Ohio Public Works Commission) loan (CP04J) relates construction at the sewer plant. The loan was issued in 2009 in the amount of \$300,000. The loan will be repaid in semi-annual payments of \$7,500 over 20 years. There is no interest on this loan. The amortization schedule has not been finalized.

On October 29, 2009, the Village obtained approval for a \$58,131 Ohio Water Development Authority (OWDA) loan (5351) payable over 20 years at 0% interest rate. As of December 31, 2009, OWDA had not distributed any funds.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2009 and 2008**

**7. DEBT (continued)**

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

Year ending December 31:	USDA Loan		OPWC Loan		OWDA			
					4597	Citizens Bank		
2010	\$	14,400	\$	1,058	\$	31,366	\$	11,066
2011		14,365		1,058		31,366		11,066
2012		14,420		1,059		31,366		-
2013		14,360		-		31,366		-
2014		14,390		-		31,366		-
2015-2019		71,975		-		156,830		-
2020-2024		71,850		-		156,830		-
2025-2029		71,820		-		156,830		-
2030-2034		43,185		-		156,830		-
2035-2037				-		94,098		-
<b>Total</b>	<b>\$</b>	<b>330,765</b>	<b>\$</b>	<b>3,175</b>	<b>\$</b>	<b>878,248</b>	<b>\$</b>	<b>22,132</b>

**8. TRANSFERS**

In 2008, the Village transferred \$116,415 from the Utility Surplus Fund to Water Fund (\$39,757), Sewer Fund (\$14,400) and the Electric Fund (\$62,258) to subsidize operations.

In 2009, the Village transferred \$108,662 from the Utility Surplus Fund to Water Fund (\$46,367), Sewer Fund (\$14,365) and the Electric Fund (\$47,930) to subsidize operations.

Although the transfers were permitted by Ohio Revised Code, the Village Council did not authorize the transfers as required by Ohio Revised Code.

**9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**10. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.36(A)(4), in both years the Village had several funds' actual receipts lower than estimated receipts, where the deficiency reduced the estimated resources below the level of appropriations in those funds.

Contrary to Ohio Revised Code Section 5705.41 (B), the Village had expenditures plus encumbrances exceeding appropriations in both years.

**VILLAGE OF SHILOH**  
**RICHLAND COUNTY, OHIO**  
**Notes To The Financial Statements**  
**For The Years Ended December 31, 2009 and 2008**

**11. RESTATEMENT OF BEGINNING BALANCES**

AMP-Ohio held \$153,045 in funds related to the electrical upgrade BAN at December 31, 2007 that was not recorded in the prior audit report. The Electric Fund was understated.

	Proprietary Fund Type Enterprise Fund
Fund Cash Balance December 31, 2007	\$431,238
Restatement	153,045
 Fund Cash Balance January 1, 2008	 \$584,283

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Shiloh, Richland County Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 10, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Controls Over Financial Reporting**

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

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

***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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-VSRC-03 described in the accompanying schedule of findings to be a material weakness.

***A significant deficiency*** is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-VSRC-06 described in the accompanying schedule of findings to be a significant deficiency.

### 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-VSRC-01, 2009-VSRC-02, 2009-VSRC-04 and 2009-VSRC-05.

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

We noted certain matters that we have reported to management of the Village in a separate letter dated May 10, 2010.

We intend this report solely for the information and use of management, the Village Council and others within the Village. We intend it for no one other than these specified parties.

***Charles E. Harris and Associates, Inc.***  
May 10, 2010

VILLAGE OF SHILOH  
 RICHLAND COUNTY

SCHEDULE OF FINDINGS  
 December 31, 2009 and 2008

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

Finding Number 2007-VSRC-01 – Non-compliance Citation

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

2009 Fund	Estimated Receipts	Actual Receipts	Variance
General Fund	\$95,000	\$91,645	(\$3,355)
SCM&R Fund - Special Revenue Fund	30,000	27,331	(2,669)
Parks & Recreation Fund - Special Revenue Fund	9,000	4,759	(4,241)
Permissive Sales Tax Fund - Special Revenue Fund	13,870	12,896	(974)
Electric Fund - Enterprise Fund	570,000	526,256	(43,744)
Sewer Fund - Enterprise Fund	90,000	88,500	(1,500)
<b>2008 Fund</b>			
Sewer Surplus - Enterprise Fund	\$142,000	\$127,350	(\$14,650)
Guarantee Deposit Fund - Enterprise Fund	1,000	300	(700)
Infiltration and Inflow Fund - Capital Project Fund	120,000	64,350	(55,650)

We recommend that the Village better monitor the budgetary process.

Management's Response: A comparison statement of actual receipts and estimated receipts is sent to the county auditor every December.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
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**Finding Number 2009-VSRC-02 – Non-compliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated and unless it has been appropriated as provided in such chapter.

During the year ended December 31, 2008, the following fund's expenditures exceeded total appropriations:

Enterprise Fund:  
Electric Fund (\$194,013)

During the year ended December 31, 2009, the following fund's expenditures exceeded total appropriations:

Enterprise Fund:  
Electrical Fund (\$202,680)  
Sewer Surplus Fund (\$108,662)

We recommend that the Village better monitor appropriations in comparison to expenditures plus encumbrances.

**Management's Response:** Management was unaware that the repayment of the Electric BAN and transfers had to be appropriated.

**FINDING NUMBER 2009-VSRC-03 Material Weakness**

In August 2007, AMP-Ohio issued a \$590,000 BAN for upgrade of the electrical system. The money was held at AMP-Ohio and AMP-Ohio paid approved invoices directly to the contractors. AMP-Ohio paid \$436,955 in invoices in 2007 leaving a balance of \$153,045. AMP-Ohio held the unused balance on their books. The unused funds should have been included as part of the Village's Electrical Fund balance. However, the Village did not include the AMP-Ohio funds as part of their fund balance. As a result, the Village's Electrical Fund balance was understated by \$153,045.

The financial statements have been adjusted to reflect the correct opening balance in the Electrical Fund.

**Management's Response:** Management thought that the receipt and disbursement of the AMP-Ohio loan was for memorandum only. Management will revise their estimate of resources to include the receipt of the full loan amount so that they can show the disbursement in the full amount including principal and interest.



VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
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**FINDING NUMBER 2009-VSRC-04 Non-Compliance Citation**

Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14.

Transfers and must be specifically approved by a formal resolution or ordinance of the taxing authority of the subdivision. The resolution must include:

- A specific statement that the transaction is either a transfer or an advance of cash, and
- The specific funds providing and receiving, and the amounts of the transfer.

In 2009, the Village transferred \$108,662 from the Utility Surplus Fund – Enterprise Fund to the Electric Fund – Enterprise Fund (\$47,930), Sanitary Sewer Fund – Enterprise Fund (\$14,365) and Water Fund – Enterprise Fund (\$46,367).

In 2008, the Village transferred \$116,415 from the Utility Surplus Fund – Enterprise Fund to the Electric Fund – Enterprise Fund (\$62,258), Sanitary Sewer Fund – Enterprise Fund (\$14,400) and Water Fund – Enterprise Fund (\$39,757).

The above transfers were not approved by Village Council.

We recommend the Village refer to the Ohio Revised Code Section 5705.14, 5705.15, and 5705.16 prior to making transfers and advances and make them accordingly.

**Management's Response:** When the surplus funds were established, it was stated that these funds would hold monies for payment of debt in each fund – water, sewer and electric. It was stated at that time that the monies would be transferred from the surplus to the appropriate fund for payment of debt. Management understands that they should have legislation for each of these transfers, that the establishment procedure is not adequate for the transfers.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
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**FINDING NUMBER 2009-VSRC-05 Non-Compliance Citation**

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the City obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2009, the Parks & Recreation Fund – Special Revenue Fund (\$8,000) had appropriations exceeding total estimated resources. Also, at December 31, 2008, the Water Fund – Enterprise Fund (\$2,000) had appropriations exceeding total estimated resources.

We recommend that the Village monitor appropriations in comparison to total estimated resources.

Management's Response: Management will better monitor the budgetary process.

**FINDING NUMBER 2009-VSRC-06 Significant Deficiency**

Resolution 2007-20 stated that the Village Grounds Assistant was permitted to work 29 per week. Also, Resolution 2009-4 stated that the Equipment Operator/Grounds Supervisor was permitted to work 24 hours per week.

Per review of the payroll records, it was noted that both employees frequently worked over the permitted hours per week in non-emergency situations. The payroll records showed that the employees worked approximately 40 hours per week and were paid for 40 hours per week.

We recommend that Council amend the payroll resolutions for the two employees or enforce the existing resolutions specifying the maximum work hours.

Management's Response: The employee committee is working on updating the employee legislation. Management suggested that the Administrator follow the current legislation until new legislation is passed.

**VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 DECEMBER 31, 2009 AND 2008**

**STATUS OF PRIOR YEARS' CITATIONS AND RECOMMENDATIONS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2007-VSRC-01	The Village did not properly record new debt	Yes	No Longer Valid
2007-VSRC-02	Contrary to Ohio Rev. Code Section 5705.36 (A)(4), estimated resources are higher than actual receipts	No	Repeated as 2009-VSRC-01





**Mary Taylor, CPA**  
Auditor of State

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  
JUNE 15, 2010