

VILLAGE OF SHILOH

RICHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2021 and 2020





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

We have reviewed the *Independent Auditor's Report* of the Village of Shiloh, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 28, 2022

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**VILLAGE OF SHILOH
 RICHLAND COUNTY
 Regular Audit
 For the Years Ended December 31, 2021 and 2020**

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**VILLAGE OF SHILOH
RICHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Shiloh, Richland County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position or, where applicable cash flows, thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

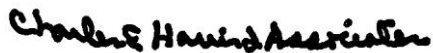
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.

October 28, 2022

Village of Shiloh, Ohio

Richland County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,072	\$10,564	\$29,636
Intergovernmental	27,712	89,763	117,475
Special Assessments	819	0	819
Fines, Licenses and Permits	602	0	602
Earnings on Investments	1,350	0	1,350
KWH TAX	27,457	0	27,457
Miscellaneous	25,948	1,722	27,670
<i>Total Cash Receipts</i>	<u>102,960</u>	<u>102,049</u>	<u>205,009</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	11,546	11,546
Leisure Time Activities	1,125	3,232	4,357
Community Environment	2,155	35,986	38,141
Transportation	2,230	18,899	21,129
General Government	42,987	4,774	47,761
Capital Outlay	3,000	0	3,000
<i>Total Cash Disbursements</i>	<u>51,497</u>	<u>74,437</u>	<u>125,934</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,463</u>	<u>27,612</u>	<u>79,075</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	3,909	3,909
Transfers Out	(3,909)	0	(3,909)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,909)</u>	<u>3,909</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	47,554	31,521	79,075
<i>Fund Cash Balances, January 1</i>	<u>40,105</u>	<u>113,593</u>	<u>153,698</u>
<i>Fund Cash Balances, December 31</i>	<u>\$87,659</u>	<u>\$145,114</u>	<u>\$232,773</u>

See accompanying notes to the financial statements

Village of Shiloh, Ohio
Richland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,256,984
Miscellaneous	11,093
<i>Total Operating Cash Receipts</i>	1,268,077
Operating Cash Disbursements	
Personal Services	132,106
Employee Fringe Benefits	19,748
Contractual Services	662,694
Supplies and Materials	86,449
<i>Total Operating Cash Disbursements</i>	900,997
<i>Operating Income (Loss)</i>	367,080
Non-Operating Receipts (Disbursements)	
Loans Issued	1,768,014
Capital Outlay	(1,761,781)
Principal Retirement	(68,711)
Interest and Other Fiscal Charges	(13,263)
Other Financing Uses	(3,100)
<i>Total Non-Operating Receipts (Disbursements)</i>	(78,841)
<i>Income (Loss) before Transfers</i>	288,239
Transfers In	55,987
Transfers Out	(55,987)
<i>Net Change in Fund Cash Balances</i>	288,239
<i>Fund Cash Balances, January 1</i>	633,024
<i>Fund Cash Balances, December 31</i>	\$921,263

See accompanying notes to the financial statements

Village of Shiloh, Ohio

Richland County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2021

	<u>Custodial Fund</u>
	<u>Mayor's Court</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 502
<i>Total Additions</i>	<u>502</u>
Deductions	
Distributions to Other Governments	<u>532</u>
<i>Total Deductions</i>	<u>532</u>
<i>Net Change in Fund Balances</i>	(30)
<i>Fund Cash Balances, January 1</i>	<u>110</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$80</u></u>

See accompanying notes to the financial statements

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 and sewer utilities, police services, park operation, and distributes electric services. The Village contracts with Richland County Sheriff to provide security of persons and property.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Village also participates in the Ohio Municipal League Group Rating Plan. Note 13 to the financial statements provides additional information for this entity.

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, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types, which are all 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.

Coronavirus Fund The Coronavirus fund accounts for and reports intergovernmental receipts for the purpose of protecting public health in the Village.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 Custodial 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council 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 (C) permit.

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 90,000	\$ 102,960	\$ 12,960
Special Revenue	201,000	105,958	(95,042)
Enterprise	3,057,577	3,092,078	34,501

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 135,090	\$ 56,346	\$ 78,744
Special Revenue	334,368	74,437	259,931
Enterprise	3,687,390	2,815,951	871,439

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$ 792,327
Certificates of deposits	346,427
Total deposits	1,138,754
STAR Ohio	15,362
Total investments	15,362
<i>Total Deposits and Investments</i>	\$1,154,116

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management (Continued)

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

Other Village employees 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, 2021.

Note 8 – Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
OWDA Loan #4597	\$ 416,280	2.00%
OWDA Loan #5351	19,268	0.00%
OWDA Loan #6960	247,919	0.9%-1.15%
OWDA Loan #7418	509,159	0.41%
OWDA Loan #8693	4,525,989	0.22%
OPWC Loan #CP04J	105,000	0.00%
	\$ 5,823,615	

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 a waterline replacement. OWDA approved \$396,983. The loan will be repaid in semi-annual payments of \$5,875 over 30 years with a 1.15% interest rate.

The Ohio Water Development Authority (OWDA) Loan# 7418 related to the construction of a new elevated water tower. OWDA approved \$647,960. The loan will be repaid in semi-annual payments of \$10,724 with an interest rate of 0.41 % over a period of 30 years.

The Ohio Water Development Authority (OWDA) Loan #8693 relates to the sewer treatment plant upgrade design. This loan was also used to pay off OWDA Loan #7342 and OWDA Loan #7801 during 2019. As of December 31, 2021, the loan has not been finalized and an amortization schedule was not available.

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 semi-annual 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:

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

Year Ending December 31:	OWDA Loan #4597	OWDA Loan #5351	OWDA Loan #6960	OWDA Loan #7418	OPWC Loan CP04J
2022	\$ 31,367	\$ 2,409	\$ 11,750	\$ 21,449	\$ 15,000
2023	31,367	2,409	11,750	21,449	15,000
2024	31,367	2,409	11,750	21,449	15,000
2025	31,367	2,409	11,750	21,449	15,000
2026	31,367	2,409	11,750	21,449	15,000
2027-2031	156,836	7,223	58,749	107,244	30,000
2032-2036	156,836	-	58,749	107,244	-
2037-2041	15,685	-	58,749	107,244	-
2042-2046	-	-	41,125	107,243	-
	<u>\$486,192</u>	<u>\$19,268</u>	<u>\$276,122</u>	<u>\$536,220</u>	<u>\$105,000</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. AMGS

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, 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, 2021, \$48,140,943 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$0 on AMP's Line of Credit was allocable to plant held for future use.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – AMP Ohio (continued)

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, 2021, AMP had \$1,471,255,000 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, 2021, \$478,965,000 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, 2021

Note 10 – AMP Ohio (continued)

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, 2021, \$2,142,071,471 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 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 940

The fund balance of special revenue funds would be either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), 66% of the Village's tested purchase orders were dated after the invoice dates.

Contrary to the Ohio Revised Code Section 5705.39 the Village had several funds that had appropriations over estimated resources.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

**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, OH 44878

To the Village Council:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Shiloh, Richland County, (the Village) and have issued our report thereon dated October 28, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2021-002 and 2021-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 28, 2022.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

October 28, 2022

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type and related notes of the Village of Shiloh, Richland County, Ohio (the Village) as of and for the year ended December 31, 2020.

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(C) 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(C), 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(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020, and changes in financial position or its cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type, and related notes of the Village of Shiloh, Richland County, Ohio, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 14 to the financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, 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.



Charles E. Harris & Associates, Inc.
October 28, 2022

Village of Shiloh, Ohio
Richland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$39,622	\$9,218	\$48,840
Intergovernmental	27,661	113,571	141,232
Special Assessments	1,086	0	1,086
Charges for Services	55	0	55
Fines, Licenses and Permits	140	0	140
Earnings on Investments	1,702	0	1,702
Miscellaneous	19,275	2,570	21,845
<i>Total Cash Receipts</i>	<u>89,541</u>	<u>125,359</u>	<u>214,900</u>
Cash Disbursements			
Current:			
Security of Persons and Property	13,250	10,414	23,664
Public Health Services	401	23,657	24,058
Leisure Time Activities	2,080	10,362	12,442
Community Environment	1,591	0	1,591
Basic Utility Services	781	0	781
Transportation	4,481	39,374	43,855
General Government	32,016	0	32,016
<i>Total Cash Disbursements</i>	<u>54,600</u>	<u>83,807</u>	<u>138,407</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,941</u>	<u>41,552</u>	<u>76,493</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	0	80	80
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>80</u>	<u>80</u>
<i>Net Change in Fund Cash Balances</i>	34,941	41,632	76,573
<i>Fund Cash Balances, January 1</i>	<u>5,164</u>	<u>71,961</u>	<u>77,125</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$40,105</u></u>	<u><u>\$113,593</u></u>	<u><u>\$153,698</u></u>

See accompanying notes to the financial statements

Village of Shiloh, Ohio
RichlandCounty
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,221,360
<i>Total Operating Cash Receipts</i>	1,221,360
Operating Cash Disbursements	
Personal Services	131,390
Employee Fringe Benefits	33,863
Contractual Services	606,238
Supplies and Materials	73,572
<i>Total Operating Cash Disbursements</i>	845,063
<i>Operating Income (Loss)</i>	376,297
Non-Operating Receipts (Disbursements)	
Loans Issued	2,348,808
Capital Outlay	(2,377,806)
Principal Retirement	(180,113)
Interest and Other Fiscal Charges	(17,917)
Other Financing Sources	17,320
Other Financing Uses	(19,697)
<i>Total Non-Operating Receipts (Disbursements)</i>	(229,405)
<i>Income (Loss) before Transfers</i>	146,892
Transfers In	210,229
Transfers Out	(210,229)
<i>Net Change in Fund Cash Balances</i>	146,892
<i>Fund Cash Balances, January 1</i>	486,132
<i>Fund Cash Balances, December 31</i>	\$633,024

See accompanying notes to the financial statements

Village of Shiloh, Ohio

Richland County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Custodial Fund</u>
	<u>Mayor's Court</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$ 2,666</u>
<i>Total Additions</i>	<u>2,666</u>
Deductions	
Distributions to Other Governments	<u>2,656</u>
<i>Total Deductions</i>	<u>2,656</u>
<i>Net Change in Fund Balances</i>	10
<i>Fund Cash Balances, January 1</i>	<u>100</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$110</u></u>

See accompanying notes to the financial statements

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 and sewer utilities, police services, park operation, and distributes electric services. The Village contracts with Richland County Sheriff to provide security of persons and property.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Village also participates in the Ohio Municipal League Group Rating Plan. Note 13 to the financial statements provides additional information for this entity.

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, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types, which are all 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.

Coronavirus Fund The Coronavirus fund accounts for and reports intergovernmental receipts for the purpose of providing public health services to the Village.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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:

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, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 custodial 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council 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 (C) permit.

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,725	\$ 89,541	\$ 21,816
Special Revenue	110,843	125,439	14,596
Enterprise	5,743,363	3,797,717	(1,945,646)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 152,212	\$ 54,762	\$ 97,450
Special Revenue	167,328	85,137	82,191
Enterprise	5,887,990	3,650,825	2,237,165

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

	2020
Demand deposits	\$ 425,057
Certificates of deposits	346,427
Total deposits	771,484
STAR Ohio	15,348
Total investments	15,348
<i>Total Deposits and Investments</i>	\$ 786,832

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Other Village employees 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, 2021.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OWDA Loan #4597	\$ 438,981	2.00%
OWDA Loan #5351	21,677	0.00%
OWDA Loan #6960	257,334	0.9%-1.15%
OWDA Loan #7418	528,461	0.41%
OWDA Loan #8693	2,757,859	0.22%
OPWC Loan #CP04J	120,000	0.00%
	\$ 4,124,312	

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 #8693 relates to the sewer treatment plant upgrade design. This loan was also used to pay off OWDA Loan #7342 and OWDA Loan #7801 during 2019. As of December 31, 2020, the loan has not been finalized and an amortization schedule was not available.

The Ohio Water Development Authority (OWDA) Loan #6960 relates to a waterline replacement. OWDA approved \$396,983. The loan will be repaid in semi-annual payments of \$5,875 over 30 years with a 1.15% interest rate.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

The Ohio Water Development Authority (OWDA) Loan# 7418 related to the construction of a new elevated water tower. OWDA approved \$647,960. The loan will be repaid in semi-annual payments of \$10,724 with an interest rate of 0.41 % over a period of 30 years.

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 semi-annual 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:	OWDA Loan #4597	OWDA Loan #5351	OWDA Loan #6960	OWDA Loan #7418	OPWC Loan CP04J
2021	\$ 31,367	\$ 2,409	\$ 11,750	\$ 21,449	\$ 15,000
2022	31,367	2,409	11,750	21,449	15,000
2023	31,367	2,409	11,750	21,449	15,000
2024	31,367	2,409	11,750	21,449	15,000
2025	31,367	2,409	11,750	21,449	15,000
2026-2030	156,836	9,632	58,749	107,244	45,000
2031-2035	156,836	-	58,749	107,244	-
2036-2040	47,052	-	58,749	107,244	-
2041-2045	-	-	52,875	107,244	-
2046	-	-	-	21,448	-
	<u>\$517,559</u>	<u>\$21,677</u>	<u>\$287,872</u>	<u>\$557,669</u>	<u>\$120,000</u>

Note 10 – AMP Ohio

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

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – AMP Ohio (continued)

A. AMGS

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, 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, 2020, \$51,177,230 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$0 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, 2020, AMP had \$1,495,245,000 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.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – AMP Ohio (continued)

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, 2020, \$489,280,000 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, 2020, \$22,194,396,471 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.

Village of Shiloh, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 162	\$ 1,330	\$ 1,492

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 16 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), 20% of the Village’s tested purchase orders were dated after the invoice dates. Contrary to the Ohio Revised Code Section 5705.39 the Village had several funds that had appropriations over estimated resources.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

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, OH 44878

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and the related notes of the Village of Shiloh, Richland County (the Village), and have issued our report thereon dated October 28, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a material weakness. We consider finding 2021-001 to be a material weakness.

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 several instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as item 2021-002 and 2021-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 28, 2022.

Village's Responses to Findings

The Village's responses to the finding identified in our audit are described in the accompanying corrective action plan. 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.



Charles E. Harris & Associates, Inc.
October 28, 2022

**VILLAGE OF SHILOH
RICHLAND COUNTY
SCHEDULE OF FINDINGS
December 31, 2021 and 2020**

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

Finding Number 2021-001 - Material Weakness

Audit Adjustments and Reclassifications:

The Village erroneously recorded numerous transactions during 2021 and 2020. The more significant adjustments are as follows:

- In 2020, the General Fund had property tax receipts in Other Financing Sources of \$21,801. They were reclassified as Property and Other Local Taxes.
- In 2020, the General Fund had Rollback/Homestead receipts in Property and Other Local Taxes of \$4,769 reclassified to Intergovernmental receipts.
- In 2020, the Special Revenue Fund had tax receipts in Intergovernmental of \$9,218 reclassified to Property and Other Local Taxes.
- In 2020, the Enterprise Fund had receipts and disbursements of \$1,217,673 in Loans Issued and Capital Outlay not booked due to direct payment to vendors.
- In 2020, the Enterprise Fund had disbursements in Interest and Other Fiscal Charges \$369 that were reclassified to Principal Retirement.
- In 2020, the Debt Service Fund had receipts in Loans Issued of \$1,131,135 and Transfers in of \$28,187 that were reclassified to the Enterprise Fund under Loans Issued and Transfers In, respectively.
- In 2020, the Debt Service Fund had disbursements of \$1,144,008 for Capital Outlay that were reclassified to the Enterprise Fund.
- Fund balance adjustments from the prior audit had not been corrected.
- In 2021, the Debt Service Fund had receipts in Loans Issued of \$213,269 that were reclassified to the Enterprise Fund under Loans Issued.
- In 2021, the Debt Service Fund had disbursements of \$188,466 Capital Outlay that were reclassified to the Enterprise Fund.
- In 2021, the Enterprise Fund had receipts and disbursements of \$1,554,745 in Loans Issued and Capital Outlay not booked due to direct payment to vendors.
- In 2021, the Capital Projects Fund had disbursements of \$4,975 in Capital Outlay that were reclassified to the Enterprise Fund.
- In both years, the Custodial fund had formatting that was not in accordance with the new Auditor of State reporting model.
- Various footnote changes in 2020 and 2021.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

**VILLAGE OF SHILOH
RICHLAND COUNTY
SCHEDULE OF FINDINGS – (Continued)
December 31, 2021 and 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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Finding Number 2021-001 - Material Weakness (Continued)

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Village Officers’ Handbook and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer adopt policies and procedures on the reviewing all financial reports compiled by UAN to ensure their accuracy.

Management Response:

See Corrective Action Plan

Finding Number 2021-002 - Ohio Revised Code Non-Compliance

Certification of Expenditures

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

**VILLAGE OF SHILOH
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2021 and 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number 2021-002 - Ohio Revised Code Non-Compliance (Continued)

2. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

3. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
4. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2021 and 2020, 66% and 20%, respectively, of purchase orders tested were not certified by the Village Fiscal Officer prior to incurring the obligation respectively. The transactions had no evidence of the above-mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s expenditures exceeding budgetary spending limitations, we recommend that the Village certify expenditures prior to incurring the liability. The Village may use then & now purchase orders to assist in complying with this requirement.

Management Response:

See Corrective Action Plan

**VILLAGE OF SHILOH
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2021 and 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2021-003 – Ohio Revised Code Non-compliance

Appropriations Exceeded Estimated Resources

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimates resources. The Village had the following funds' appropriations exceeding estimated resources:

- In 2020, the General Fund had Appropriations over Estimated Resources of \$79,323.
- In 2020, the Water Fund had Appropriations over Estimated Resources of \$39,718.
- In 2021, the General Fund had Appropriations over Estimated Resources of \$4,305.
- In 2021, the American Rescue Plan Act Fund had Appropriations over Estimated Resources of \$32,420.
- In 2021, the Water Fund had Appropriations over Estimated Resources of \$38,829.
- In 2021, the Sewer Fund had Appropriations over Estimated Resources of \$8,421.

We recommend that the Village monitor its budget and fund balance to prevent appropriations from exceeding available estimated resources.

Management's Response:

See Corrective Action Plan.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2021 and 2020
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting – Material Weakness	Not Corrected	
2019-002	Revenue Posting – Material Noncompliance/Material Weakness	Not Corrected	Combined with finding 2021-001
2019-003	Budgetary Requirements – Material Noncompliance / Material Weakness	Not Corrected	

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2021 and 2020
Prepared by Management**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Aware of the issue. Will review Receipts and Disbursements when received to post correctly.	ASAP	Terri Sweeney, Treasurer
2021-002	Aware of the issue. Will review POs and use then and now certificates if necessary.	ASAP	Terri Sweeney, Treasurer
2021-003	Aware of the issue. Will review Appropriations to be certain they are in line with Estimated Resources.	ASAP	Terri Sweeney, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SHILOH

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/8/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov