

**VILLAGE OF SHILOH
RICHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Shiloh, Richland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 9, 2015

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VILLAGE OF SHILOH
RICHLAND COUNTY

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INDEPENDENT AUDITOR'S REPORT

November 25, 2014

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Shiloh**, Richland County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Shiloh, Richland County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 15,571	\$ 8,858	\$ 24,429
Intergovernmental	47,020	39,906	86,926
Special Assessments	260	-	260
Fines, Licenses and Permits	6,660	1,070	7,730
Earnings on Investments	2,315	5	2,320
Miscellaneous	12,790	75	12,865
<i>Total Cash Receipts</i>	<u>84,616</u>	<u>49,914</u>	<u>134,530</u>
Cash Disbursements			
Current:			
Security of Persons and Property	12,000	12,498	24,498
Public Health Services	687	-	687
Leisure Time Activities	538	1,129	1,667
Community Environment	1,453	-	1,453
Basic Utility Services	112	-	112
Transportation	22,029	31,762	53,791
General Government	177,598	967	178,565
Capital Outlay	-	500	500
Debt Service:			
Principal Retirement	529	5,720	6,249
<i>Total Cash Disbursements</i>	<u>214,946</u>	<u>52,576</u>	<u>267,522</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(130,330)</u>	<u>(2,662)</u>	<u>(132,992)</u>
Other Financing Receipts			
Sale of Capital Assets	186,285	-	186,285
<i>Total Other Financing Receipts</i>	<u>186,285</u>	<u>-</u>	<u>186,285</u>
<i>Net Change in Fund Cash Balances</i>	55,955	(2,662)	53,293
<i>Fund Cash Balances, January 1</i>	<u>55,937</u>	<u>34,825</u>	<u>90,762</u>
Fund Cash Balances, December 31			
Restricted	-	32,141	32,141
Committed	-	22	22
Assigned	974	-	974
Unassigned	110,918	-	110,918
<i>Fund Cash Balances, December 31</i>	<u>\$ 111,892</u>	<u>\$ 32,163</u>	<u>\$ 144,055</u>

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 577,577	\$ -	\$ 577,577
Fines, Licenses and Permits	3,618	-	3,618
Miscellaneous	24,977	-	24,977
<i>Total Operating Receipts</i>	<u>606,172</u>	<u>-</u>	<u>606,172</u>
Operating Cash Disbursements			
Personal Services	63,890	-	63,890
Employee Fringe Benefits	18,549	-	18,549
Contractual Services	385,666	-	385,666
Supplies and Materials	25,504	-	25,504
<i>Total Operating Cash Disbursements</i>	<u>493,609</u>	<u>-</u>	<u>493,609</u>
<i>Operating Income</i>	<u>112,563</u>	<u>-</u>	<u>112,563</u>
Non-Operating Receipts (Disbursements)			
Sale of Notes	285,919	-	285,919
Sale of Capital Assets	323,715	-	323,715
Capital Outlay	(285,919)	-	(285,919)
Principal Retirement	(373,241)	-	(373,241)
Interest and Other Fiscal Charges	(35,693)	-	(35,693)
Other Financing Sources	-	10,843	10,843
Other Financing Uses	-	(10,843)	(10,843)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(85,219)</u>	<u>-</u>	<u>(85,219)</u>
<i>Net Change in Fund Cash Balances</i>	27,344	-	27,344
<i>Fund Cash Balances, January 1</i>	<u>505,418</u>	<u>898</u>	<u>506,316</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 532,762</u>	<u>\$ 898</u>	<u>\$ 533,660</u>

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 16,992	\$ 9,351	\$ 26,343
Intergovernmental	49,224	39,800	89,024
Special Assessments	1,165	-	1,165
Fines, Licenses and Permits	5,106	520	5,626
Earnings on Investments	-	10	10
Miscellaneous	7,337	271	7,608
<i>Total Cash Receipts</i>	<u>79,824</u>	<u>49,952</u>	<u>129,776</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,500	6,663	9,163
Public Health Services	508	-	508
Leisure Time Activities	22	2,931	2,953
Community Environment	1,461	-	1,461
Transportation	22,435	42,281	64,716
General Government	53,729	17,936	71,665
Debt Service:			
Principal Retirement	529	5,156	5,685
<i>Total Cash Disbursements</i>	<u>81,184</u>	<u>74,967</u>	<u>156,151</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(1,360)</u>	<u>(25,015)</u>	<u>(26,375)</u>
Other Financing Receipts			
Other Debt Proceeds	17,847	-	17,847
<i>Total Other Financing Receipts</i>	<u>17,847</u>	<u>-</u>	<u>17,847</u>
<i>Net Change in Fund Cash Balances</i>	16,487	(25,015)	(8,528)
<i>Fund Cash Balances, January 1</i>	<u>39,450</u>	<u>59,840</u>	<u>99,290</u>
Fund Cash Balances, December 31			
Restricted	-	33,748	33,748
Committed	-	1,077	1,077
Assigned	3,858	-	3,858
Unassigned	52,079	-	52,079
<i>Fund Cash Balances, December 31</i>	<u>\$ 55,937</u>	<u>\$ 34,825</u>	<u>\$ 90,762</u>

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 813,044	\$ -	\$ 813,044
Fines, Licenses and Permits	3,886	-	3,886
Miscellaneous	381	-	381
<i>Total Operating Receipts</i>	<u>817,311</u>	<u>-</u>	<u>817,311</u>
Operating Cash Disbursements			
Personal Services	59,308	-	59,308
Employee Fringe Benefits	17,905	-	17,905
Contractual Services	575,582	-	575,582
Supplies and Materials	17,477	-	17,477
<i>Total Operating Cash Disbursements</i>	<u>670,272</u>	<u>-</u>	<u>670,272</u>
<i>Operating Income</i>	<u>147,039</u>	<u>-</u>	<u>147,039</u>
Non-Operating Receipts (Disbursements)			
Sale of Notes	14,602	-	14,602
Capital Outlay	(21,677)	-	(21,677)
Principal Retirement	(78,142)	-	(78,142)
Interest and Other Fiscal Charges	(32,250)	-	(32,250)
Other Financing Sources	-	7,504	7,504
Other Financing Uses	-	(7,504)	(7,504)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(117,467)</u>	<u>-</u>	<u>(117,467)</u>
<i>Net Change in Fund Cash Balances</i>	29,572	-	29,572
<i>Fund Cash Balances, January 1</i>	<u>475,846</u>	<u>898</u>	<u>476,744</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 505,418</u>	<u>\$ 898</u>	<u>\$ 506,316</u>

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shiloh, Richland County (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services including water, sewer, and electrical utilities. The Village contracts with the Richland County Sheriff's Department to provide security of persons and property.

The Village participates in a public entity risk pool and two long term purchase commitments. Notes 7 and 8 to the financial statements provides further information on these organizations. These organizations are:

Public Entity Risk Pool:

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

Long Term Purchase Commitments:

American Municipal Power Generating Station (AMPGS)
American Municipal Power Fremont Energy Center

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

B. Accounting Basis

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

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

C. Deposits and Investments

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. The Village maintains all available funds in a checking account, certificates of deposit, and STAR Ohio.

Certificates of deposit are valued at cost. STAR Ohio is recorded at share value reported by the fund.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

3. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The 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.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	2013	2012
Demand Deposits	\$ 323,362	\$ 242,730
Certificates of Deposit	340,000	340,000
Total Deposits	663,362	582,730
 STAR Ohio	 14,353	 14,348
Total Investments	14,353	14,348
Total Deposits and Investments	\$ 677,715	\$ 597,078

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 270,236	\$ 270,901	\$ 665
Special Revenue	70,515	49,914	(20,601)
Enterprise	757,434	1,215,806	458,372
Total	\$ 1,098,185	\$ 1,536,621	\$ 438,436

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 114,358	\$ 215,920	\$ (101,562)
Special Revenue	106,126	52,776	53,350
Enterprise	1,262,853	1,208,478	54,375
Total	\$ 1,483,337	\$ 1,477,174	\$ 6,163

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 70,890	\$ 97,671	\$ 26,781
Special Revenue	54,600	49,952	(4,648)
Enterprise	770,000	831,913	61,913
Total	\$ 895,490	\$ 979,536	\$ 84,046

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 110,340	\$ 85,042	\$ 25,298
Special Revenue	114,436	79,093	35,343
Enterprise	1,245,840	818,194	427,646
Total	\$ 1,470,616	\$ 982,329	\$ 488,287

Contrary to Ohio law, expenditures exceeded appropriation authority in the General Fund for the year ended December 31, 2013. Also contrary to Ohio law, the Village did not encumber all commitments required by Ohio law.

4. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
USDA Loan	\$ 162,100	5.00%
OWDA - 4597	585,842	2.00%
OWDA - 5351	38,536	0.00%
Citizens Bank - 5019635	236,313	3.45%
Citizens Bank - 5019506	40,980	3.78%
OPWC Loan - CP04J	225,000	0.00%
Total	\$ 1,288,771	

The USDA (United States Department of Agriculture) Loan relates to a sewer project. The USDA has approved \$245,000 in loans to the Village for this project. The loan includes interest (5.00%) and will be paid in variable annual installments over 40 years. The loan is collateralized by sewer receipts.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEBT (Continued)

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%. We noted that the prior report outstanding balance of \$624,172 was incorrect. The correct outstanding balance as of the end of 2011 was actually \$624,180.

The Ohio Water Development Authority (OWDA) Loan #5351 relates to the Sanitary Sewer & Manhole Rehabilitation. OWDA approved \$227,631. OWDA granted the Village a \$170,723 ARRA principal reduction grant. The Village is still drawing on the loan. The loan will be repaid in semi-annual payments of \$1,204.

The Citizens Bank Loan (5019635) refinanced the AMP-Ohio Loan. The Village has \$3,800 debited from their account monthly. According to the amortization schedule, the Village is supposed to pay principal of \$2,667 plus 3.45% interest monthly over 10 years. However, their accelerated principal payments will reduce the length of the loan. Therefore, no amortization schedule is included. The loan is collateralized by electric deposits.

The Citizens Bank Loan (5019506) relates to a truck for the Street Department. The Village received the cab and chassis in 2011. A plow, salt spreader, body and accessories was added bringing the total loan amount to \$68,660. An amortization schedule is not available. The loan will be paid from the General Fund, Water Fund, Sewer Fund and Electric Fund. The interest rate on this loan is 3.78%. We noted that the prior report outstanding balance of \$36,100 was incorrect. The correct outstanding balance as of the end of 2011 was actually \$36,210.

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.

The Ohio Public Works Commission (OPWC) Loan #CP31D related to a Village resurfacing project. The loan was issued in 2001 in the amount of \$12,700. The loan was repaid in semi-annual payments of \$529 over 12 years. The loan was paid off in 2012. There was no interest on this loan.

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

Year ending December 31:	USDA	OWDA Loan - 4597	OWDA Loan - 5351	OPWC Loan - CP04J	Total
2014	\$ 14,405	\$ 15,684	\$ 1,204	\$ 15,000	\$ 46,293
2015	14,390	31,367	2,409	15,000	63,166
2016	14,360	31,367	2,409	15,000	63,136
2017	14,415	31,367	2,409	15,000	63,191
2018	14,350	31,367	2,409	15,000	63,126
2019-2023	71,845	156,837	12,042	75,000	315,724
2024-2028	71,835	156,837	12,042	75,000	315,714
2029-2033	28,825	156,837	3,612	-	189,274
2034-2038	-	125,469	-	-	125,469
Total	<u>\$ 244,425</u>	<u>\$ 737,132</u>	<u>\$ 38,536</u>	<u>\$ 225,000</u>	<u>\$ 1,245,093</u>

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT (Continued)

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

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

8. LONG TERM PURCHASE COMMITMENTS

A. American Municipal Power Generating Station Project (AMPGS)

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 500 kilowatts of a total 771,281 kilowatts, giving the Village a 0.06 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$87,095. The Village received a credit of \$9,672 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$22,612 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$54,811. The Village acknowledges it owes this amount and is currently in the process of determining the best financing method to resolve the situation. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

B. AMP Fremont Energy Center (AFEC)

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

8. LONG TERM PURCHASE COMMITMENTS (Continued)

B. AMP Fremont Energy Center (AFEC) (Continued)

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC.

AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The Village of Shiloh has executed a take-or-pay power sales contract with AMP for 90 kW or .02% of capacity and associated energy from the AFEC facility. As of December 31, 2013, the Village's share of the permanent financing was approximately \$105,841.

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

November 25, 2014

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Shiloh**, Richland County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated November 25, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinion 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of 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. We consider findings 2013-001 through 2013-005 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-006 and 2013-007 described in the accompanying schedule of audit findings to be significant deficiencies.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2013-003 through 2013-006.

We also noted certain matters not requiring inclusion in this report that we communicated to management in a separate letter dated November 25, 2014.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness

Posting of Receipts, Disbursements and Classification of Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2013 and 2012, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Intergovernmental receipts were recorded in the Street Construction Maintenance and Repair and State Highway Funds rather than the General Fund in 2013 and 2012.
- Intergovernmental receipts were recorded at net instead of gross in the General Fund and did not have the corresponding General Government disbursements recorded in 2013 and 2012.
- An Intergovernmental receipt was recorded in the Street Construction Maintenance and Repair and State Highway Funds rather than the Permissive Sales Tax Fund in 2012.
- An Intergovernmental receipt was recorded as a Property and Other Local Taxes receipt in the Police Fund rather than an Intergovernmental receipt in the General Fund in 2012.
- An Intergovernmental receipt was recorded as a Property and Other Local Taxes receipt in the General Fund rather than an Intergovernmental receipt in the Police Fund in 2012.
- Intergovernmental receipts were misclassified as Miscellaneous receipts in the General Fund in 2013 and 2012.
- Intergovernmental receipts were misclassified as Property and Other Local Taxes receipts in the General Fund in 2013 and 2012 and Police Fund in 2012.
- Intergovernmental receipts were misclassified as Other Financing Sources receipts in the General Fund in 2012.
- Property and Other Local Taxes receipts were recorded in the General Fund rather than the Police Fund in 2013 and 2012.
- Property and Other Local Taxes receipts were recorded at net instead of gross and did not have the corresponding General Government disbursements recorded in the General and Police Funds in 2013 and 2012.
- Fines, Licenses and Permits receipts were recorded in the General and Police Funds in 2012 and General Fund in 2013 rather than in a Mayor's Court Computer Fund.
- Fines, Licenses and Permits receipts were misclassified as Miscellaneous receipts in the Electric Fund in 2013 and 2012.
- Special Assessments receipts were misclassified as a Property and Other Local Taxes receipts in the General Fund in 2013.
- A Special Assessments receipt was recorded at net instead of gross, misclassified as a Miscellaneous receipt, and did not have the corresponding General Government disbursements recorded in the General Fund in 2012.
- A Miscellaneous receipt was misclassified as a Charges for Services receipt in the Sewer Fund in 2013.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-001 (Continued)

Posting of Receipts, Disbursements and Classification of Fund Balances (Continued)

- A Sale of Capital Asset receipt was misclassified as a Miscellaneous receipt in the General and Sewer Funds in 2013.
- A Sale of Capital Asset receipt was misclassified as a Charges for Services receipt in the Sewer Fund in 2013.
- A Sale of Notes receipt and the corresponding Principal Retirement disbursement was not recorded in the Enterprise Fund in 2013.
- Loan proceeds were misclassified as a Miscellaneous receipt rather than an Other Debt Proceeds receipt in the General Fund in 2012.
- Proceeds of Notes were misclassified as a Miscellaneous receipt in the Water, Sewer, and Electric Funds in 2012.
- Debt payments were misclassified as Transportation disbursements rather than Principal Retirement disbursements in the Permissive Sales Tax Fund in 2013 and 2012 and General Fund in 2013.
- Debt payments were misclassified as Contractual Services disbursements rather than Principal Retirement and Interest and Other Fiscal Charges disbursements in the Enterprise Funds in 2013 and 2012.
- An Interest and Other Fiscal Charges disbursement was misclassified as a Supplies and Materials disbursement in the Enterprise Fund in 2013.
- A Capital Outlay disbursement was misclassified as a Supplies and Materials disbursement in the Enterprise Fund in 2013.
- Restricted Fund Balance amounts in the Special Revenue Funds were misclassified as Unassigned in 2013 and 2012.
- Assigned Fund Balance amounts in the General Fund were misclassified as Unassigned in 2013 and 2012.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The Village has agreed with and posted all adjustments to its accounting system. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – Looking over reclassification and adjusting entries, I followed procedures on how it had been done in the past. I am surprised previous Auditors did not catch these issues.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002

Material Weakness

Mayor's Court Reconciliation

The Mayor's Court did not perform proper monthly bank reconciliations. This allowed errors and irregularities to go undetected. Properly prepared and approved bank reconciliations can prevent errors or irregularities from occurring.

The Village should perform bank reconciliations on a regular, monthly basis, and the Mayor should review and approve these reconciliations.

Management's Response – We did not receive a response from officials to this finding

FINDING NUMBER 2013-003

Material Weakness/Noncompliance

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village did not file the 2012 and 2013 Annual Financial Reports (AFR) with the Auditor of State's office in a timely manner.

Also, several errors were noted during our review of the AFR:

- Certain amounts listed on the Annual Financial Report were not correctly classified based on amounts from the Village's accounting system.
- Beginning Fund Balances for the General Fund in 2012 and Enterprise Funds in 2013 and 2012 were recorded incorrectly on the AFR although they were recorded correctly in the system.
- Beginning Fund Balances for the General Fund in 2013 and the Special Revenue Funds in 2013 and 2012 were not recorded on the AFR although they were recorded in the system.
- Total receipts for the Special Revenue and Enterprise Funds in 2013 and 2012 and the General Fund in 2013 did not reconcile between the accounting system and the AFR.
- Total disbursements for the Special Revenue and Enterprise Funds 2013 and 2012, General Fund in 2013, and Agency Fund in 2012 did not reconcile between the accounting system and the AFR.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-003 (Continued)

Ohio Revised Code Section 117.38 (Continued)

We recommend the Annual Financial Report be compiled from the Village's accounting system and reconciled upon completion.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2013-004

Material Weakness/Noncompliance

Ohio Revised Code Section 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the Mayor, or which in any manner come into his or her hands, or which are due to such Mayor or a Marshal, Chief of Police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such Mayor for the use of such municipal corporation, shall be paid by Court Clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- In 2013 and 2012, remittances were not made monthly in a timely manner to the Village.
- In 2013 and 2012, remittances were not made monthly in a timely manner to the State of Ohio.

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2013-005

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the General Fund in 2013.

We recommend the Village Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-006

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 the 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" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. 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 taxing authority.
2. Blanket Certificate – 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 the members of the legislative authority against any specific line item account 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.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 29% of the expenditures tested in 2013 and 33% of the expenditures tested in 2012. There was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-006 (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

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 funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2013-007

Significant Deficiency

Council Approved Payroll Hours

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

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

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

Management's Response – We did not receive a response from officials to this finding

**VILLAGE OF SHILOH
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-VSRC-01	Noncompliance – Ohio Revised Code Section 5705.41(B)	No	Repeated as 2013-005
2011-VSRC-02	Material Weakness – Not recording loan proceeds and the corresponding capital outlay	No	Included as part of 2013-001
2011-VSRC-03	Noncompliance – Ohio Revised Code Section 5705.39	Yes	
2011-VSRC-04	Noncompliance and Material Weakness – Ohio Revised Code Section 5727.81	Yes	
2011-VSRC-05	Noncompliance – Ohio Revised Code Section 5705.41(D)(1)	No	Repeated as 2013-006
2011-VSRC-06	Significant Deficiency – Employees working and being paid more than Council approved hours	No	Repeated as 2013-007

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Dave Yost • Auditor of State

VILLAGE OF SHILOH

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 21, 2015