

VILLAGE OF SHILOH
RICHLAND COUNTY

AUDITED FINANCIAL STATEMENTS AND
AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002



**Auditor of State
Betty Montgomery**

Members of Council
Village of Shiloh
12 West Main Street
P.O. Box 242
Shiloh, Ohio 44878

We have reviewed the Independent Auditor's Report of the Village of Shiloh, Richland County, prepared by Nagel, Weigand & Company, LLC, for the audit period January 1, 2002 through December 31, 2003. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 13, 2004

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VILLAGE OF SHILOH
RICHLAND COUNTY

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Nagel, Weigand & Company, LLC

INDEPENDENT AUDITORS' REPORT

Members of Council
Village of Shiloh
Shiloh, Ohio 44878

We have audited the accompanying financial statements of the Village of Shiloh, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Village of Shiloh's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village, as of December 31, 2003 and 2002 and the related revenues and expenditures and budgeted receipts, appropriations, and encumbrances for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 28, 2004 on our consideration of the Village of Shiloh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

June 28, 2004

Nagel, Weigand & Company, LLC

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUND TYPES		FIDUCIARY	TOTALS
	GENERAL	SPECIAL REVENUE	EXPENDABLE TRUST	(MEMO-RANDUM ONLY)
<u>CASH RECEIPTS:</u>				
Local Taxes	\$ 48,116	\$ 11,811	\$ -	\$ 59,927
Intergovernmental Revenues	40,218	44,711	-	84,929
Fines, Licenses, Permits	6,101	760	-	6,861
Earnings on Investments	24,631	504	-	25,135
Miscellaneous	6,369	-	140	6,509
Total Revenue Receipts	125,435	57,786	140	183,361
<u>CASH DISBURSEMENTS</u>				
Security of Persons and Property	10,000	18,752	-	28,752
Public Health Services	381	-	-	381
Community Environment	1,457	-	-	1,457
Basic Utility Services	272	-	-	272
Transportation	36,410	63,871	-	100,281
General Government	36,061	-	-	36,061
Capital Outlay	-	427	-	427
Debt service				
Principal Payment	1,058	-	-	1,058
Total Expenditures	85,639	83,050	-	168,689
Revenues Over (Under) Expenditures	39,796	(25,264)	140	14,672
<u>OTHER FINANCING SOURCES (USES):</u>				
Other Sources	20,086	-	-	20,086
Total Other Financing Sources (Uses):	20,086	-	-	20,086
Excess of Receipts and Other Financing Sources Over (Under) Expenditures and Other Uses	59,882	(25,264)	140	34,758
Fund Balance - January 1, 2003	85,123	69,129	1,060	155,312
Fund Balance - December 31, 2003	\$ 145,005	\$ 43,865	\$ 1,200	\$ 190,070
Reserve for Encumbrances - December 31, 2003	\$ 4,324	\$ 513	\$ -	\$ 4,837

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

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	PROPRIETARY FUND	FIDUCIARY FUND	TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	AGENCY	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 419,142	\$ -	\$ 419,142
Fines, License and Permits	-	8,676	8,676
Miscellaneous	105	-	105
	<hr/>		
Total Operating Cash Receipts	419,247	8,676	427,923
OPERATING EXPENSES:			
Personal Services	80,704	-	80,704
Contractual Services	247,977	-	247,977
Materials and Supplies	58,942	-	58,942
Other	-	8,676	8,676
	<hr/>		
Total Operating Expenses	387,623	8,676	396,299
Operating Income (Loss)	31,624	-	31,624
NON-OPERATING EXPENCES			
Debt Service	(14,425)	-	(14,425)
Proceeds from Note	37,000	-	37,000
Other Financing Sources	2,020	-	2,020
Other Financing Uses	(1,615)	-	(1,615)
	<hr/>		
Total Non-Operating Expenses	22,980	-	22,980
Net Income (Loss) before Transfers	54,604	-	54,604

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

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

(Continued)

	<u>PROPRIETARY</u> <u>FUND</u>	<u>FIDUCIARY</u> <u>FUND</u>	<u>TOTALS</u> <u>(MEMO-</u> <u>RANDUM</u> <u>ONLY)</u>
	<u>ENTERPRISE</u>	<u>AGENCY</u>	
Net Income (Loss)	54,604	-	54,604
Fund Cash Balance - January 1, 2003	<u>449,309</u>	-	<u>449,309</u>
Fund Cash Balance - December 31, 2003	<u>\$ 503,913</u>	<u>\$ -</u>	<u>\$ 503,913</u>
Reserve for Encumbrances - December 31, 2003	<u>\$ 88,508</u>	<u>\$ -</u>	<u>\$ 88,508</u>

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

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES		FIDUCIARY	TOTALS
	GENERAL	SPECIAL REVENUE	EXPENDABLE TRUST	(MEMO-RANDUM ONLY)
<u>CASH RECEIPTS:</u>				
Local Taxes	\$ 15,447	\$ 11,339	\$ -	\$ 26,786
Intergovernmental Revenues	40,622	42,356	-	82,978
Fines, Licenses, Permits	1,976	-	-	1,976
Earnings on Investments	10,561	806	-	11,367
Miscellaneous	8,672	-	360	9,032
Total Cash Receipts	<u>77,278</u>	<u>54,501</u>	<u>360</u>	<u>132,139</u>
<u>CASH DISBURSEMENTS</u>				
Security of Persons and Property	15,000	12,425	-	27,425
Public Health Services	396	-	-	396
Leisure Time Activities	1,377	-	246	1,623
Community Environment	1,430	-	-	1,430
Basic Utility Services	390	-	-	390
Transportation	35,497	44,977	-	80,474
General Government	33,249	-	-	33,249
Debt service				
Principal Payment	1,058	-	-	1,058
Total Cash Disbursements	<u>88,397</u>	<u>57,402</u>	<u>246</u>	<u>146,045</u>
Cash Receipts Over (Under) Cash Disbursements	(11,119)	(2,901)	114	(13,906)
<u>OTHER FINANCING SOURCES (USES):</u>				
Other Sources	21,343	-	-	21,343
Total Other Financing Sources (Uses):	<u>21,343</u>	<u>-</u>	<u>-</u>	<u>21,343</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Uses	10,224	(2,901)	114	7,437
Fund Balance - January 1, 2002	<u>74,899</u>	<u>72,033</u>	<u>947</u>	<u>147,879</u>
Fund Balance - December 31, 2002	<u>\$ 85,123</u>	<u>\$ 69,132</u>	<u>\$ 1,061</u>	<u>\$ 155,316</u>
Reserve for Encumbrances - December 31, 2002	<u>\$ 6,531</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 6,778</u>

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

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	PROPRIETARY FUND	FIDUCIARY FUND	TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	AGENCY	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 400,524	\$ -	\$ 400,524
Miscellaneous	-	2,996	2,996
Total Operating Cash Receipts	400,524	2,996	403,520
OPERATING EXPENSES:			
Personal Services	71,198	-	71,198
Contractual Services	241,428	-	241,428
Materials and Supplies	56,046	-	56,046
Other	-	2,996	2,996
Capital Outlay	2,152	-	2,152
Total Operating Expenses	370,824	2,996	373,820
Operating Income (Loss)	29,700	-	29,700
NON-OPERATING CASH RECEIPTS:			
Other Non-Operating Receipts	1,620	-	1,620
Total Non-operating Cash Receipts	1,620	-	1,620
NON-OPERATING EXPENCES			
Debt Service	(14,400)	-	(14,400)
Other Nonoperating Expenses	(599)	-	(599)
Total Non-Operating Expenses	(14,999)	-	(14,999)
Net Income (Loss) before Transfers	16,321	-	16,321

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

VILLAGE OF SHILOH
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

(Continued)

	PROPRIETARY FUND	FIDUCIARY FUND	TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	AGENCY	
Net Income (Loss)	16,321	-	16,321
Fund Cash Balance - January 1, 2002	432,988	-	432,988
Fund Cash Balance - December 31, 2002	\$ 449,309	\$ -	\$ 449,309
Reserve for Encumbrances	\$ 19,776	\$ -	\$ 19,776

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

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Shiloh, Richland County, (the Village) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village council is composed of six members who are elected by their respective electors or by the Village at large. The Village provides general government services, including water, sewer and electrical utilities, and police services.

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

B. BASIS OF ACCOUNTING

The Village of Shiloh prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. This method of accounting is utilized in reporting to the State of Ohio but is not in accordance with generally accepted accounting principles. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH and INVESTMENTS

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included in the cash fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

D. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The Village had the following significant Special Revenue Funds:

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds

Permissive Sales Tax Fund – This fund is used to account for sales tax revenues received and used to pay for road projects.

Police Fund – This fund receives real estate and personal property tax money to pay for the police protection services provided by the Richland County Sheriff's Office.

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

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS

Trust Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Village had the following Trust Fund:

Donation Fund – This fund receives donations made to the Village for the Village Park.

Agency

This fund is used to account for activities for the Village's Mayor's Court.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

2. Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2003, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. ACCUMULATED LEAVE

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

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$ 263,121	\$ 174,267
Certificates of Deposit	385,000	385,000
Total Deposits	<u>648,121</u>	<u>559,267</u>
STAR Ohio	45,862	45,358
Total Deposits and Investments	<u>\$ 693,983</u>	<u>\$ 604,625</u>

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

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002, was as follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 77,650	\$ 145,521	\$ 67,871
Special Revenue	49,675	57,786	8,111
Enterprise	426,000	458,162	32,162
Expendable Trust & Agency	10,300	8,816	(1,484)
Total	<u>\$ 563,625</u>	<u>\$ 670,285</u>	<u>\$ 106,660</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 148,000	\$ 85,639	\$ 62,361
Special Revenue	110,000	83,050	26,950
Enterprise	832,000	403,663	428,337
Expendable Trust & Agency	11,360	8,676	2,684
Total	<u>\$ 1,101,360</u>	<u>\$ 581,028</u>	<u>\$ 520,332</u>

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,584	\$ 98,621	\$ 20,037
Special Revenue	51,475	54,501	3,026
Enterprise	393,000	402,144	9,144
Expendable Trust & Agency	10,000	3,356	(6,644)
Total	<u>\$ 533,059</u>	<u>\$ 558,622</u>	<u>\$ 25,563</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,170	\$ 88,397	\$ 61,773
Special Revenue	117,000	57,402	59,598
Enterprise	767,700	385,823	381,877
Expendable Trust & Agency	10,898	3,242	7,656
Total	<u>\$ 1,045,768</u>	<u>\$ 534,864</u>	<u>\$ 510,904</u>

4. PROPERTY TAX

Real property taxes become a lien on all non-exempt real property located in the county on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property Taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half is due the following June 20.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

4. PROPERTY TAX (Continued)

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

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

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, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$ 210,800	5.00%
OPWC Loan	9,525	0.00%
Note	37,000	5.25%
Total	<u>\$ 257,325</u>	

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, including interest, will be repaid in variable annual installments over 40 years. The loan is collateralized by water and sewer receipts.

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

The Promissory Note was issued in 2003 to pay for engineering fees related to the Village's Water Treatment Plant Improvement Project. The note was issued in the amount of \$37,000 and was repaid in 2004.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

5. DEBT (Continued)

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

	<u>USDA Loan</u>	<u>OPWC Loan</u>	<u>Promissory Note</u>
Year ending at December 31:			
2004	\$ 14,440	\$ 1,058	\$ 39,054
2005	14,445	1,058	-
2006	14,440	1,058	-
2007	14,425	1,058	-
2008	14,400	1,058	-
Subsequent	316,365	4,235	-
Total	<u>\$ 388,515</u>	<u>\$ 9,525</u>	<u>\$ 39,054</u>

6. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple-employer defined benefit plan that provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the Village is required to contribute 13.55%. The Village has paid all contributions required through December 31, 2003.

VILLAGE OF SHILOH
RICHLAND COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials liability
- Vehicles
- Property (buildings and contents)
- Inland Marine

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

Nagel, Weigand & Company, LLC

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council
Village of Shiloh
Shiloh, Ohio 44878

We have audited the financial statements of the Village of Shiloh as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurances on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operations that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated June 28, 2004.

**Village of Shiloh
Richland County**

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

June 28, 2004

Nagel, Weigand & Company, LLC

VILLAGE OF SHILOH
RICHLAND COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2003 AND 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Shiloh.
2. No reportable conditions were disclosed during the audit of the Village of Shiloh's financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

VILLAGE OF SHILOH
RICHLAND COUNTY

GENERAL COMMENTS
DECEMBER 31, 2003 AND 2002

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on June 28, 2004:

Shirley Reeder	Clerk-Treasurer
Richard Tallman	Council President Pro-Temp

These officials were informed that they had five working days for the Auditor of State from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

Village personnel were cooperative and available for questions and assistance during regular working hours.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF 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
JULY 27, 2004**