



**Auditor of State  
Betty Montgomery**



VILLAGE OF ZOAR  
TUSCARAWAS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Type For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Type For the Year Ended December 31, 2001.....	4
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Non-Expendable Trust Fund For the Year Ended December 31, 2002 and 2001.....	5
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Prior Audit Findings.....	15

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Zoar  
Tuscarawas County  
P.O. Box 544  
Zoar, Ohio 44697

To the Village Council:

We have audited the accompanying financial statements of the Village of Zoar, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide 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 combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 7, 2003

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$9,694	\$9,891			\$19,585
Intergovernmental	10,853	7,129			17,982
Charges for Services		650			650
Fines, Licenses and Permits	1,363				1,363
Earnings on Investments	243	319		262	824
Miscellaneous	6,684				6,684
	<u>28,836</u>	<u>17,989</u>		<u>262</u>	<u>47,087</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	10,040	9,890			19,930
Public Health Services	217	1,865			2,082
Leisure Time Activities	125				125
Community Environment	6				6
Transportation	2,244	2,488			4,732
General Government	11,148				11,148
Capital Outlay	2,000		21,000		23,000
Debt Service:					
Redemption of Principal	2,535				2,535
Interest and Other Fiscal Charges	964				964
	<u>29,279</u>	<u>14,243</u>	<u>21,000</u>	<u>0</u>	<u>64,523</u>
Total Receipts Over/(Under) Disbursements	<u>(443)</u>	<u>3,745</u>	<u>(21,000)</u>	<u>262</u>	<u>(17,436)</u>
Fund Cash Balance, January 1	<u>13,424</u>	<u>23,544</u>	<u>21,000</u>	<u>13,892</u>	<u>71,861</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$12,981</u></u>	<u><u>\$27,290</u></u>	<u><u>\$0</u></u>	<u><u>\$14,154</u></u>	<u><u>\$54,425</u></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$9,143	\$8,221			\$17,363
Intergovernmental	15,564	8,494	11,000		35,057
Charges for Services		1,750			1,750
Fines, Licenses and Permits	1,195				1,195
Earnings on Investments	1,216	604		560	2,381
Miscellaneous	2,375			25	2,400
<b>Total Cash Receipts</b>	<u>29,493</u>	<u>19,069</u>	<u>11,000</u>	<u>585</u>	<u>60,146</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	12,048	9,311			21,359
Public Health Services	169	1,927			2,096
Leisure Time Activities	55				55
Community Environment	28				28
Transportation	2,319	3,122			5,441
General Government	13,662				13,662
Capital Outlay	3,428				3,428
Debt Service:					
Redemption of Principal	2,377				2,377
Interest and Other Fiscal Charges	1,123				1,123
<b>Total Cash Disbursements</b>	<u>35,209</u>	<u>14,360</u>	<u>0</u>	<u>0</u>	<u>49,569</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(5,716)</u>	<u>4,709</u>	<u>11,000</u>	<u>585</u>	<u>10,578</u>
<b>Fund Cash Balance, January 1</b>	<u>19,140</u>	<u>18,836</u>	<u>10,000</u>	<u>13,307</u>	<u>61,283</u>
<b>Fund Cash Balance, December 31</b>	<u>\$13,424</u>	<u>\$23,544</u>	<u>\$21,000</u>	<u>\$13,892</u>	<u>\$71,861</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$2,000</u>	<u>\$631</u>	<u>\$21,000</u>	<u>\$0</u>	<u>\$23,631</u>

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



VILLAGE OF ZOAR  
TUSCARAWAS COUNTY

COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<b>Operating Cash Receipts:</b>		
Earnings on Investments	\$289	\$624
Fund Cash Balance, January 1	<u>15,883</u>	<u>15,259</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$16,172</u></u>	<u><u>\$15,883</u></u>
Reserve for Encumbrances, December 31	<u><u>0</u></u>	<u><u>0</u></u>

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

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**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Zoar, Tuscarawas County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including park operations (leisure time activities) and health and development services. The Village contracts with the Village of Zoar to provide security of persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are included in the fund cash 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

*Fire Protection Fund* - This fund is used to account for fire levy receipts used to contract with the Zoar Volunteer Fire Department for fire, rescue and emergency medical services for Village residents.

**3. Capital Projects Funds**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant capital projects fund:

*Capital Truck Fund* - This fund is used to account for transfers and savings for the purchase of a new Village truck.

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village has the following significant fiduciary funds:

*Cemetery Improvement Fund* – This expendable trust fund is used to account for cemetery improvements.

*Cemetery Endowment Fund* – This nonexpendable trust fund is used to account for bequests and memorials established to benefit the Village's cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measure 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.

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

**3. Encumbrances**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND 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>2002</u>	<u>2001</u>
Demand deposits	\$ 17,774	\$ 16,882
STAR Ohio	<u>52,823</u>	<u>70,862</u>
Total deposits and investments	<u>\$ 70,597</u>	<u>\$ 87,744</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**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, 2002 and 2001 follows:

Fund Type	2002 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$29,559	\$28,836	(\$723)
Special Revenue	19,490	17,989	(1,501)
Capital Projects	0	0	0
Expendable Trust	600	262	(338)
Non-Expendable Trust	600	289	(311)
Total	<u>\$50,249</u>	<u>\$47,376</u>	<u>(\$2,873)</u>

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,983	\$29,279	\$11,704
Special Revenue	43,035	14,243	28,792
Capital Projects	21,949	21,000	949
Expendable Trust	14,767	0	14,767
Non-Expendable Trust	949	0	949
Total	\$121,683	\$64,522	\$57,161

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,287	\$29,493	\$206
Special Revenue	18,861	19,069	208
Capital Projects	13,000	11,000	(2,000)
Expendable Trust	1,200	585	(615)
Non-Expendable Trust	0	624	624
Total	\$62,348	\$60,771	(\$1,577)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,427	\$37,209	\$11,218
Special Revenue	37,696	14,991	22,705
Capital Projects	23,000	21,000	2,000
Expendable Trust	14,507	0	14,507
Non-Expendable Trust	15,259	0	15,259
Total	\$138,889	\$73,200	\$65,689

**4. PROPERTY TAX**

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

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1996 Cemetery Improvement Bond	\$11,945	6.66%

The Village issued a Cemetery Improvement Bond for the purpose of paying costs associated with acquiring land for cemetery purposes and making related improvements. The bond will be repaid in annual installments of \$3,499, including interest of 6.66%.

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

<u>Year ending December 31:</u>	<u>1996 Cemetery Improvement Bond</u>
2003	\$3,499
2004	3,499
2005	3,499
2006	3,499
Total	\$13,996

**6. RETIREMENT SYSTEM**

The Village Mayor and Clerk-Treasurer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public officials' liability

**8. JOINTLY GOVERNED ORGANIZATION**

The Village is associated with the Tuscarawas County Regional Planning Commission (the Commission) as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Village contributed \$25 in 2002 and \$37 in 2001 to the Commission.





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Zoar  
Tuscarawas County  
P.O. Box 544  
Zoar, Ohio 44697

To the Village Council:

We have audited the accompanying financial statements of the Village of Zoar, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 7, 2003. We conducted our audits 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 audits 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 7, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 assurance 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 7, 2003.

Village of Zoar  
Tuscarawas County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 7, 2003

**VILLAGE OF ZOAR  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-31279-001	Total appropriations exceeded total estimated resources in the General Fund by \$4,877 in 1999.	Yes	Corrected. Appropriations were within Estimated Resources.
2000-31279-002	18% of non-payroll expenditures were not certified prior to the invoice date in 2000 and 1999.	No	Partially corrected since only 4% of non-payroll expenditures were not certified prior to the invoice date in 2002 and 2001. See management letter.





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF ZOAR**

**TUSCARAWAS 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  
MAY 8, 2003**