



**Auditor of State
Betty Montgomery**

VILLAGE OF ZANESFIELD
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Zanesfield
Logan County
P.O. Box 62
Zanesfield, Ohio 43360

To the Village Council:

We have audited the accompanying financial statements of the Village of Zanesfield, Logan County, (the "Village"), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 fund cash balances of the Village as of December 31, 2003 and 2002, and its 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 15, 2004 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 audit.

This report is intended solely for the information and use of the audit committee, management, and Members of 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 15, 2004

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$6,005			\$6,005
Intergovernmental Receipts	11,787	9,468	27,201	48,456
Fines, Licenses, and Permits	213			213
Earnings on Investments	123			123
Miscellaneous	887			887
	<u>19,015</u>	<u>9,468</u>	<u>27,201</u>	<u>55,684</u>
Cash Disbursements:				
Current:				
Leisure Time Activities	2,965			2,965
Community Environment	2,439			2,439
Basic Utility Services	14,056			14,056
Transportation		9,524		9,524
General Government	15,713			15,713
Capital Outlay			27,201	27,201
	<u>35,173</u>	<u>9,524</u>	<u>27,201</u>	<u>71,898</u>
Total Receipts (Under) Disbursements	(16,158)	(56)		(16,214)
Other Financing Receipts:				
Sale of Fixed Assets	8,000			8,000
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(8,158)	(56)		(8,214)
Fund Cash Balances, January 1	8,309	16,015		24,324
Fund Cash Balances, December 31	<u><u>\$151</u></u>	<u><u>\$15,959</u></u>		<u><u>\$16,110</u></u>

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

VILLAGE OF ZANESFIELD
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Cash Receipts:

Earnings on Investments \$861

Operating Cash Disbursements:

Supplies and Materials 0

Operating Income 861

Fund Cash Balance, January 1 48,602

Fund Cash Balance, December 31 \$49,463

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

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$5,657		\$5,657
Intergovernmental Receipts	11,905	8,971	20,876
Fines, Licenses, and Permits	210		210
Earnings on Investments	219		219
Miscellaneous	1,336		1,336
	<hr/>		
Total Cash Receipts	<u>19,327</u>	<u>8,971</u>	<u>28,298</u>
Cash Disbursements:			
Current:			
Leisure Time Activities	2,000		2,000
Community Environment	4,184		4,184
Basic Utility Services	5,677		5,677
Transportation		8,774	8,774
General Government	18,168		18,168
	<hr/>		
Total Cash Disbursements	<u>30,029</u>	<u>8,774</u>	<u>38,803</u>
Total Receipts Over/(Under) Disbursements	(10,702)	197	(10,505)
Fund Cash Balances, January 1	<u>19,011</u>	<u>15,818</u>	<u>34,829</u>
Fund Cash Balances, December 31	<u><u>\$8,309</u></u>	<u><u>\$16,015</u></u>	<u><u>\$24,324</u></u>

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

VILLAGE OF ZANESFIELD
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

Operating Cash Receipts:	
Earnings on Investments	\$1,800
Operating Cash Disbursements:	
Supplies and Materials	<u>750</u>
Operating Income	1,050
Fund Cash Balance, January 1	<u>47,552</u>
Fund Cash Balance, December 31	<u><u>\$48,602</u></u>

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

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Zanesfield, Logan County County, (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 governmental services and park operations. The Village contracts with the Logan County Sheriff's department 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

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.

Certificates of deposit are valued at cost.

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 had the following Special Revenue Fund:

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 ZANESFIELD
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds are 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 had the following capital projects fund:

Issue II - This fund receives property tax money to maintain the Village water tower.

4. Fiduciary Fund (Trust Fund)

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. The Village had the following nonexpendable trust fund.

Sloan Fund - This fund receives interest income to be used for the youth of the Village.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$26,815	\$34,168
Certificates of deposit	38,758	38,758
Total deposits	\$65,573	\$72,926

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,000	\$27,015	(\$73,985)
Special Revenue	8,900	9,468	568
Capital Projects	27,201	27,201	
Fiduciary	1,800	861	(939)
Total	\$138,901	\$64,545	(\$74,356)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,727	\$35,173	\$12,554
Special Revenue	20,900	9,524	11,376
Capital Projects	27,201	27,201	
Fiduciary	7,500		7,500
Total	\$103,328	\$71,898	\$31,430

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,000	\$19,327	(\$82,673)
Special Revenue	8,500	8,971	471
Fiduciary	3,000	1,800	(1,200)
Total	\$113,500	\$30,098	(\$83,402)

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,863	\$30,029	\$15,834
Special Revenue	16,200	8,774	7,426
Fiduciary	7,500	750	6,750
Total	\$69,563	\$39,553	\$30,010

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.

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

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. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. The Village's Council Members contribute to the Social Security System.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2003. The Village has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability
- Auto liability & Auto physical damage
- Property coverage
- Inland marine coverage
- Law enforcement liability
- Public officials liability

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

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

7. SUBSEQUENT EVENTS

During May of 2001, the Village Fire Department moved to a new location. As a result, the Village decided to have the old building appraised and to advertise that it would be put up for auction. On November 5, 2001, the old building was sold for \$92,000. However, a problem was found with the septic system in the building, which postponed the closing of the sale. To date, the EPA did not approve the current system and a new one had to be put in. Also a there was a discrepancy on the deed that also held up the sale. The sale was finalized in January, 2004.

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**Auditor of State
Betty Montgomery**

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

Village of Zanesfield
Logan County
P.O. Box 62
Zanesfield, Ohio 43360

To the Village Council:

We have audited the accompanying financial statements of the Village of Zanesfield, Logan County, (the "Village"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 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 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 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 15, 2004

This report is intended solely for the information and use of the audit committee, management and Members of 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 15, 2004

VILLAGE OF ZANESFIELD
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30246-001	Non-Expendable Trust Fund balance and activity not recorded.	Yes	

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**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

VILLAGE OF ZANESFIELD

LOGAN 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 11, 2004**