

VILLAGE OF SOUTH ZANESVILLE

MUSKINGUM COUNTY

REGULAR AUDIT

JANUARY 1, 1999 - DECEMBER 31, 2000

FISCAL YEAR AUDITED UNDER GAGAS: 1999 & 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Village Council
Village of South Zanesville
South Zanesville, Ohio

We have reviewed the Independent Auditor's Report of the Village of South Zanesville, Muskingum County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 1999 to December 31, 2000. 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 South Zanesville is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 26, 2001

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VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000

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Report of Independent Accountants

Village Council
Village of South Zanesville
Muskingum County
24 East Main Street, P.O. Box 1828
South Zanesville, Ohio 43702

We have audited the accompanying financial statements of the Village of South Zanesville, Muskingum County, Ohio, (the "Village"), as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards 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 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, 2000 and December 31, 1999, and its combined cash receipts and cash 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 a report dated May 18, 2001, 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 management, the Village Council and other 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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
May 18, 2001

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Total
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash receipts:					
Local taxes	\$151,919	\$33,723	\$ -	\$ -	\$185,642
Intergovernmental	111,809	43,107	-	95,891	250,807
Special assessments	-	777	-	-	777
Charges for services	29,439	949	-	-	30,388
Fines, licenses, and permits	42,491	1,903	-	-	44,394
Interest	19,653	10,123	-	-	29,776
Miscellaneous	31,420	1,480	-	-	32,900
Total cash receipts	386,731	92,062	-	95,891	574,684
Cash disbursements:					
Security of persons and property	145,894	810	-	-	146,704
Leisure time activities	30,619	-	-	-	30,619
Transportation	5,000	65,717	-	-	70,717
General government	155,418	-	-	-	155,418
Capital outlay	83,428	31,890	-	1,111,405	1,226,723
Debt Service	-	-	853,259	-	853,259
Miscellaneous	-	-	-	4,707	4,707
Total cash disbursements	420,359	98,417	853,259	1,116,112	2,488,147
Excess of cash receipts over/(under) cash disbursements	(33,628)	(6,355)	(853,259)	(1,020,221)	(1,913,463)
Other financing sources/(uses):					
Transfers-in	90,000	-	35,000	100,000	225,000
Transfers-out	(100,000)	-	-	-	(100,000)
Other Financing Sources(Uses)	-	-	820,000	-	820,000
Total other financing sources/(uses)	(10,000)	-	855,000	100,000	945,000
Excess of cash receipts and other financing sources over/ (under) cash disbursements and other financing uses	(43,628)	(6,355)	1,741	(920,221)	(968,463)
Fund cash balances, January 1, 2000	149,048	125,436	1,253	920,662	1,196,399
Fund cash balances, December 31, 2000	<u>\$105,420</u>	<u>\$119,081</u>	<u>\$2,994</u>	<u>\$441</u>	<u>\$227,936</u>
Reserve for encumbrances, December 31, 2000	<u>\$1,623</u>	<u>\$1,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,718</u>

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

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND-
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
Operating cash receipts:			
Interest	\$31,734	\$ -	\$31,734
Charges for services	562,274	-	562,274
Miscellaneous	5,609	-	5,609
Total operating cash receipts	599,617	-	599,617
Operating cash disbursements:			
Personal services	89,894	-	89,894
Employee Fringe Benefits	36,730	-	36,730
Contractual services	254,228	-	254,228
Supplies and materials	24,776	-	24,776
Capital outlay	147,112	-	147,112
Miscellaneous	2,579	-	2,579
Total operating cash disbursements	555,319	-	555,319
Operating income/(loss)	44,298	-	44,298
Nonoperating cash receipts and disbursements:			
Local taxes	-	112,478	112,478
Fines, Licenses, & Permits	-	41,764	41,764
Debt service-Principal	(29,927)	-	(29,927)
Debt Service-Interest	(11,548)	-	(11,548)
Debt Service-Other	-	-	-
Other	-	(41,764)	(41,764)
Total nonoperating cash receipts and disbursements	(41,475)	112,478	71,003
Excess of receipts over disbursements before operating transfers	2,823	112,478	115,301
Operating transfers			
Transfers-in	-	-	-
Transfers-out	-	(125,000)	(125,000)
Total operating transfers	-	(125,000)	(125,000)
Net income/(loss)	2,823	(12,522)	(9,699)
Fund cash balances, January 1, 2000	323,343	46,124	369,467
Fund cash balances, December 31, 2000	\$326,166	\$33,602	\$359,768
Reserve for encumbrances, December 31, 2000	\$25,896	\$ -	\$25,896

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

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Total
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash receipts:					
Local taxes	\$151,468	\$32,494	\$ -	\$ -	\$183,962
Intergovernmental	153,979	43,203	-	7,380	204,562
Special assessments	-	588	-	-	588
Charges for services	21,972	2,686	-	-	24,658
Fines, licenses, and permits	27,812	1,217	-	-	29,029
Interest	11,255	7,040	-	-	18,295
Miscellaneous	12,456	1,077	-	249,000	262,533
Total cash receipts	378,942	88,305	-	256,380	723,627
Cash disbursements:					
Security of persons and property	137,026	615	-	-	137,641
Leisure time activities	34,737	-	-	-	34,737
Transportation	4,638	65,023	-	-	69,661
General government	138,856	2,335	-	-	141,191
Capital Outlay	135,502	69,405	-	167,380	372,287
Total cash disbursements	450,759	137,378	-	167,380	755,517
Excess of cash receipts over/(under) cash disbursements	(71,817)	(49,073)	-	89,000	(31,890)
Other financing sources/(uses):					
Transfers-in	137,000	-	-	-	137,000
Transfers-out	-	-	-	-	-
Other Financial Sources(Uses)	-	-	-	825,000	825,000
Total other financing sources/(uses)	137,000	-	-	825,000	962,000
Excess of cash receipts and other financing sources over/ (under) cash disbursements and other financing uses	65,183	(49,073)	-	914,000	930,110
Fund cash balances, January 1, 1999	83,865	174,509	1,253	6,662	266,289
Fund cash balances, December 31, 1999	\$149,048	\$125,436	\$1,253	\$920,662	\$1,196,399
Reserve for encumbrances, December 31, 1999	\$445	\$120	\$ -	\$ -	\$565

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

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND-
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
Operating cash receipts:			
Interest	\$19,263	\$ -	\$19,263
Charges for services	551,293	-	551,293
Miscellaneous	3,697	-	3,697
Total operating cash receipts	574,253	-	574,253
Operating cash disbursements:			
Personal services	80,857	-	80,857
Employee Fringe Benefits	27,868	-	27,868
Contractual services	283,741	-	283,741
Supplies and materials	34,451	-	34,451
Capital outlay	88,528	-	88,528
Miscellaneous	2,895	-	2,895
Total operating cash disbursements	518,340	-	518,340
Operating income/(loss)	55,913	-	55,913
Nonoperating cash receipts and disbursements:			
Local taxes	-	108,189	108,189
Special Assessment	232	-	232
Fines, Licenses, & Permits	-	27,486	27,486
Debt Service-Principal	(27,593)	-	(27,593)
Debt Service-Interest	(12,881)	-	(12,881)
Debt Service-Other	-	-	-
Other	-	(27,486)	(27,486)
Total nonoperating cash receipts and disbursements	(40,242)	108,189	67,947
Excess of receipts over disbursements before operating transfers	15,671	108,189	123,860
Operating transfers			
Transfers-in	-	-	-
Transfers-out	-	(137,000)	(137,000)
Total operating transfers	-	(137,000)	(137,000)
Net income/(loss)	15,671	(28,811)	(13,140)
Fund cash balances, January 1, 1999	307,672	74,935	382,607
Fund cash balances, December 31, 1999	\$323,343	\$46,124	\$369,467
Reserve for encumbrances, December 31, 1999	\$8,780	\$ -	\$8,780

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

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of South Zanesville, Muskingum County, Ohio, 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 water and sewer utilities, refuse collection, park and pool operations (leisure time activities), and police and fire services.

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 includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio 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:

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.

Special Revenue Funds

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 significant Special Revenue Funds:

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways within the Village.

Special Assessment Street Light Fund - This fund receives a special assessment tax for maintaining and repairing Village street lights.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and not indebtedness related to the purchase of the Village's computer system.

Capital Project Funds

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 significant capital project funds:

Municipal Building Construction Fund - This fund received intergovernmental revenues relating to Ohio Public Works Commission projects. These proceeds were used for repair of Village water and sewer lines.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

Refuse Collection Fund - This fund receives charges for services from residents to cover the costs of providing this utility.

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Local Income Tax Fund - This fund receives a one percent income tax levied on wages earned by Village residents and employees who work within the Village's corporation limits. Taxes received by this fund are transferred to other funds for expenditure for general governmental purposes.

Mayor's Court Fund - This fund receives and distributes Mayor's Court fines and forfeitures.

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

Estimated Resources

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

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 re-appropriated. The Village did not properly encumber all commitments required by Ohio law.

A summary of 2000 and 1999 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 SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. Summary of Significant Accounting Policies (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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 deposits at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$247,566	\$1,246,213
Total deposits	247,566	1,246,213
STAROhio	340,138	319,653
Total investments	340,138	319,653
Total deposits & investments	\$587,704	\$1,565,866

Deposits:

Deposits were either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village and held by a qualified third party trustee.

Investments:

The Village's investments consist solely of monies held in STAROhio.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

	<u>2000 Budgeted vs. Actual Receipts</u>		
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$404,131	\$476,731	\$72,600
Special Revenue	52,500	92,062	39,562
Debt Service	35,000	855,000	820,000
Capital Projects	442,000	195,891	(246,109)
Enterprise	563,500	599,617	36,117
Agency	100,000	154,242	54,242
Total	\$1,597,131	\$2,373,543	\$776,412

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. Budgetary Activity (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$532,992	\$521,982	\$11,010
Special Revenue	172,071	99,512	72,559
Debt Service	35,000	853,259	(818,259)
Capital Projects	1,277,600	1,116,112	161,488
Enterprise	849,242	622,690	226,552
Agency	<u>141,300</u>	<u>166,764</u>	<u>(25,464)</u>
Total	<u>\$3,008,205</u>	<u>\$3,380,319</u>	<u>(\$372,114)</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$402,734	\$515,942	\$113,208
Special Revenue	52,200	88,305	36,105
Debt Service	-	-	-
Capital Projects	1,284,000	1,081,380	(202,620)
Enterprise	568,500	574,485	5,985
Agency	<u>100,000</u>	<u>135,675</u>	<u>35,675</u>
Total	<u>\$2,407,434</u>	<u>\$2,395,787</u>	<u>(\$11,647)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$478,845	\$451,204	\$27,641
Special Revenue	206,534	137,498	69,036
Debt Service	-	-	-
Capital Projects	465,600	167,380	298,220
Enterprise	839,185	567,594	271,591
Agency	<u>171,300</u>	<u>164,486</u>	<u>6,814</u>
Total	<u>\$2,161,464</u>	<u>\$1,488,162</u>	<u>\$673,302</u>

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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.

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Environmental Protection Agency Loan	\$12,000	0.00%
Ohio Water Development Authority Loan	77,199	8.48%
Ohio Public Works Commission - Water Line Loan	12,487	2.00%
Ohio Public Works Commission - Water Tank Loan	61,973	4.00%
Ohio Public Works Commission - I & I Project	49,117	2.00%
Building Note (BAN)	820,000	5.04%
Total	<u>\$1,032,776</u>	

The Ohio Environmental Protection Agency (OEPA) loan relates to sewer line improvements and studies completed in 1998. The loan principal will be repaid through the Sewer Fund in annual installments of \$2,000, over 10 years. This is an interest free loan which was originally issued on July 1, 1997 in the amount of \$20,000. The utility revenue is pledged for the repayment of this debt.

The Ohio Water Development Authority (OWDA) loan was to shut down the Village's sewer treatment plant and switch over to the Muskingum County sewer system to comply with a mandate from the Ohio Environmental Protection Agency. The loan will be repaid through the Sewer Fund in semiannual installments of \$9,083, including interest, over 20 years. This loan was issued on January 1, 1987 in the amount of \$172,166. The utility revenue is pledged for the repayment of this debt.

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. Debt (Continued)

The Ohio Public Works Commission (OPWC) loans relating to a water tank and water line expansion project will be repaid in semiannual installments of \$5,461 for the water tank and \$1,856 for the water line, including interest, over 10 years. The loans were originally issued on January 15, 1995 in the amount of \$89,295 and \$33,490. The utility revenue is pledged for the repayment of this debt.

The Ohio Public Works Commission (OPWC) loan relating to the sewer inflow and infiltration improvement project (I and I Project) that the Village completed in 1998 will be repaid in semiannual installments of \$3,338, including interest, over 10 years. The loan was originally issued on July 1, 1997 in the amount of \$60,223. The utility revenue is pledged for the repayment of this debt.

The Bond Anticipation Note relates to the construction of the new village hall completed in 2000. The note principal and interest will be repaid through the Debt Service Fund at maturity in August, 2001. This note was issued on August 2, 2000. Income tax revenue is pledged for payment of interest.

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

Year ending December 31:	OEPA Sewer Line <u>Loan</u>	OWDA <u>Loan</u>	OPWC Water Line <u>Loan</u>	OPWC Water Tank <u>Loan</u>	OPWC I and I <u>Loan</u>	Bond Anticipation <u>Note</u>
2001	\$2,000	\$18,166	\$3,712	\$10,922	\$6,675	\$861,328
2002	2,000	18,166	3,712	10,922	6,675	-
2003	2,000	18,166	3,712	10,922	6,675	-
2004	2,000	18,166	1,856	10,922	6,675	-
2005	2,000	18,166	-	10,922	6,675	-
Subsequent	<u>2,000</u>	<u>9,083</u>	<u>-</u>	<u>16,383</u>	<u>20,024</u>	<u>-</u>
Total	<u>\$12,000</u>	<u>\$99,913</u>	<u>\$12,992</u>	<u>\$70,993</u>	<u>\$53,399</u>	<u>\$861,328</u>

VILLAGE OF SOUTH ZANESVILLE
MUSKINGUM COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

6. Lease Obligations

The Village entered into a ten year lease for the acquisition of a new fire truck during 1996 with Midwest Bankers Group, Inc. This lease requires the Village to make payments of \$31,094 annually beginning September, 1997. The last payment date is September, 2006 and with this payment, ownership will be transferred to the Village. As of December 31, 2000 the total of the outstanding lease payments was \$186,563.

7. Retirement Systems

The Village's law enforcement officers and firefighters belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement health care, 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 1999 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' wages. The Village has paid all contributions required through December 31, 2000.

8. Risk Management

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicle
- Errors and Omissions

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



Report on Compliance and on Internal Control Required by
Governmental Auditing Standards

Village Council
Village of South Zanesville
Muskingum County
24 East Main Street, P.O. Box 1828
South Zanesville, Ohio 43702

We have audited the accompanying financial statements of the Village of South Zanesville, Muskingum County, Ohio, as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 18, 2001. We conducted our audits in accordance with generally accepted auditing standards 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*. However, we noted certain instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 18, 2001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated May 18, 2001.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

This report is intended solely for the information and use of management, the Village Council and other 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
May 18, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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 SOUTH ZANESVILLE

MUSKINGUM 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 12, 2001**