



Mary Taylor, CPA
Auditor of State

VILLAGE OF ZANESFIELD
LOGAN COUNTY

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Mary Taylor, CPA

Auditor of State

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

To the Members of Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

May 25, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of 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, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Zanesfield, Logan County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

May 25, 2010

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$6,972			\$6,972
Intergovernmental	10,582	\$10,422	\$3,041	24,045
Earnings on Investments	330	69		399
Miscellaneous	53			53
Total Cash Receipts	<u>17,937</u>	<u>10,491</u>	<u>3,041</u>	<u>31,469</u>
Cash Disbursements:				
Current:				
Public Health	1,342			1,342
Community Environment	3,520			3,520
Basic Utility Service	2,500			2,500
General Government	17,555			17,555
Transportation		6,463	3,041	9,504
Total Cash Disbursements	<u>24,917</u>	<u>6,463</u>	<u>3,041</u>	<u>34,421</u>
Total Receipts Over (Under) Disbursements	(6,980)	4,028		(2,952)
Fund Cash Balances, January 1	<u>60,951</u>	<u>34,371</u>		<u>95,322</u>
Fund Cash Balances, December 31	<u><u>\$53,971</u></u>	<u><u>\$38,399</u></u>	<u><u>\$0</u></u>	<u><u>\$92,370</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
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private Purpose Trust</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>\$275</u>
Operating(Loss)	(275)
Non-Operating Cash Receipts:	
Earnings on Investments	<u>943</u>
Net Receipts Over Disbursements	668
Fund Cash Balance, January 1	<u>47,309</u>
Fund Cash Balance, December 31	<u><u>\$47,977</u></u>

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

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$7,322		\$7,322
Intergovernmental	12,254	\$11,619	23,873
Earnings on Investments	998	97	1,095
Miscellaneous	895		895
Total Cash Receipts	<u>21,469</u>	<u>11,716</u>	<u>33,185</u>
Cash Disbursements:			
Current:			
Leisure Time Activities	1,448		1,448
Community Environment	1,155		1,155
Basic Utility Service	2,400		2,400
Transportation		11,789	11,789
General Government	19,452		19,452
Total Cash Disbursements	<u>24,455</u>	<u>11,789</u>	<u>36,244</u>
Total Receipts (Under) Disbursements	(2,986)	(73)	(3,059)
Fund Cash Balances, January 1	<u>63,937</u>	<u>34,444</u>	<u>98,381</u>
Fund Cash Balances, December 31	<u><u>\$60,951</u></u>	<u><u>\$34,371</u></u>	<u><u>\$95,322</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
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Private Purpose Trust</u>
Operating Cash Disbursements:	
Contractual Services	\$731
Supplies and Materials	275
Total Operating Cash Disbursements	<u>1,006</u>
Operating(Loss)	(1,006)
Non-Operating Cash Receipts:	
Earnings on Investments	1,306
Total Non-Operating Cash Receipts	<u>1,306</u>
Net Receipts Over Disbursements	300
Fund Cash Balance, January 1	<u>47,009</u>
Fund Cash Balance, December 31	<u><u>\$47,309</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, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Zanesfield, Logan County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street repair and maintenance and park operations. The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

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

B. Accounting Basis

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

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

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following Capital Project Fund:

Capital Projects Issue II – This fund accounts for Issue II spent on behalf of the Village for work on the streets.

4. Fiduciary Funds

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

Sloan Fund - The Village's private purpose trust fund receives interest revenue from the original principal which is to be spent on the youth of the Village. The trust agreement requires the Village not to spend the original principal.

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 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED CASH

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

	2009	2008
Demand deposits	\$102,347	\$104,631
Certificates of deposit	38,000	38,000
Total deposits	\$140,347	\$142,631

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,800	\$17,937	(\$3,863)
Special Revenue	11,500	10,491	(1,009)
Capital Projects	3,041	3,041	
Private Purpose Trust	1,150	943	(207)
Total	\$37,491	\$32,412	(\$5,079)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,610	\$24,917	\$10,693
Special Revenue	35,900	6,463	29,437
Capital Projects	3,041	3,041	
Private Purpose Trust	7,500	275	7,225
Total	\$82,051	\$34,696	\$47,355

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,000	\$21,469	(\$531)
Special Revenue	11,000	11,716	716
Private Purpose Trust	1,650	1,306	(344)
Total	\$34,650	\$34,491	(\$159)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,970	\$24,455	\$15,515
Special Revenue	27,400	11,789	15,611
Private Purpose Trust	7,500	1,006	6,494
Total	\$74,870	\$37,250	\$37,620

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. PROPERTY TAX

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

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 officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their wages in 2009 and 2008. The Village contributed an amount equal to 14 percent of participants' gross salaries in 2009 and 2008. The Village has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.



Mary Taylor, CPA

Auditor of State

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

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

To the Members of Council:

We have audited the financial statements of the Village of Zanesfield, Logan County, (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 25, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 25, 2010.

We intend this report solely for the information and use of management, the members of Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 25, 2010

**VILLAGE OF ZANESFIELD
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Classification of Revenue in the Accounting Records and Financial Statements

To assist in the effective management and reporting of financial resources, a village should have procedures in place to help assure that revenues are correctly classified in the accounting records and financial statements.

In 2009, the Village's 2009 accounting records and financial statements had the following revenues classification errors:

- Liquor permit revenues, in the amount of \$658, were recorded as fines, licenses, and permits in the General Fund instead of intergovernmental revenue;
- Motor vehicle license tax and gasoline tax revenue, in the amount of \$10,422, were recorded as fines, licenses, and permits in the Special Revenue Street Fund instead of intergovernmental revenue; and
- Interest income, in the amount of \$943, was reported in the Private Purpose Trust Fund as miscellaneous revenue instead of earnings on investments.

The failure to correctly classify revenue in the financial statements may impact the user's understanding of the financial operations, may inhibit the Village's ability to make sound financial decisions, and may result in the material misstatement of the financial statements. The accompanying financial statements have been adjusted to reflect revenue in the correct line items.

The Village Fiscal Officer should review the Village Officer's Handbook and Auditor of State Audit Bulletins for guidance in the classification of revenues. The Village's Fiscal Officer and Council should also perform a review of the accounting records and annual financial statements to help identify revenue recording errors.

OFFICIALS' RESPONSE: We did not receive a response from Officials to the finding reported above.

VILLAGE OF ZANESFIELD
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Classification of Funds and Revenue in the Annual Financial Statements	No	Partially Corrected – Repeated as Finding 2009-001



Mary Taylor, CPA
Auditor of State

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
JUNE 22, 2010