

Village of Zaleski

Vinton County

Regular Audit

January 1, 1999 Through December 31, 2000

Fiscal Year Audited Under GAGAS: 2000 & 1999

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Village of Zaleski
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We have reviewed the Independent Auditor's Report of the Village of Zaleski, Vinton County, prepared by Balestra & Company, for the audit period January 1, 1999 through 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 Zaleski is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 17, 2001

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VILLAGE OF ZALESKI
VINTON COUNTY
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000

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Independent Auditor's Report

Members of Council
Village of Zaleski
Zaleski, Ohio 45698

We have audited the accompanying financial statements of the Village of Zaleski, Vinton County, Ohio, (the "Village") as of and for the year 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 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 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 combined fund cash balances of the Village of Zaleski, Vinton County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the year 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 6, 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.

Village of Zaleski
Vinton County
Independent Auditor's Report
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This report is intended solely for the information and use of the officials authorized to receive this report under section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company

Balestra & Company
CERTIFIED PUBLIC ACCOUNTANTS
April 6, 2001

VILLAGE OF ZALESKI
VINTON 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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$2,786	\$17,795	\$20,581
Local Government	12,462	15,723	28,185
Interest	815	0	815
Miscellaneous	0	78	78
Total Cash Receipts	16,063	33,596	49,659
Cash Disbursements:			
Security of Persons and Property	881	12,061	12,942
Public Health Services	60	6,256	6,316
Transportation	0	810	810
General Government	17,324	0	17,324
Total Cash Disbursements	18,265	19,127	37,392
Excess of Cash Receipts Over /(Under) Cash Disbursements	(2,202)	14,469	12,267
Other Financing Sources/(Uses):			
Transfers In	1,804	0	1,804
Other Financing Sources	873	0	873
Total Other Financing Sources/(Uses)	2,677	0	2,677
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	475	14,469	14,944
Fund Cash Balances, January 1, 2000	2,976	33,945	36,921
Fund Cash Balances, December 31, 2000	\$3,451	\$48,414	\$51,865

VILLAGE OF ZALESKI
VINTON COUNTY

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

	Enterprise
Operating Receipts:	
Charges for Services	\$36,683
Miscellaneous	3,688
	40,371
Operating Disbursements:	
Personal Services	13,451
Contract Services	10,016
Supplies and Materials	12,820
	36,287
Total Operating Receipts	40,371
Total Operating Disbursements	36,287
Operating Income/(Loss)	4,084
Non-Operating Receipts:	
Other Non-Operating Receipts	3,933
	3,933
Total Non-Operating Receipts	3,933
Non-Operating Disbursements:	
Debt Service	5,445
Other Non-Operating Disbursements	2,039
	7,484
Total Non-Operating Disbursements	7,484
Income/(Loss) Before Interfund Transfers	533
Transfers-Out	(1,804)
	(1,271)
Net Income/(Loss)	(1,271)
Fund Cash Balances, January 1, 2000	63,444
Fund Cash Balances, December 31, 2000	\$62,173

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

VILLAGE OF ZALESKI
VINTON 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		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$2,682	\$14,059	\$16,741
Local Government	12,028	15,669	27,697
Charges for Services	0	4,650	4,650
Interest	1,153	115	1,268
Miscellaneous	1,476	0	1,476
Total Cash Receipts	17,339	34,493	51,832
Cash Disbursements:			
Security of Persons and Property	940	17,576	18,516
Public Health Services	45	0	45
Transportation	0	33,020	33,020
General Government	19,606	2,040	21,646
Total Cash Disbursements	20,591	52,636	73,227
Excess of Cash Receipts Over /(Under) Cash Disbursements	(3,252)	(18,143)	(21,395)
Other Financing Sources/(Uses):			
Transfers In	970	0	970
Other Financing Sources	2,233	33	2,266
Total Other Financing Sources/(Uses)	3,203	33	3,236
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(49)	(18,110)	(18,159)
Fund Cash Balances, January 1, 1999	3,025	52,055	55,080
Fund Cash Balances, December 31, 1999	\$2,976	\$33,945	\$36,921

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

VILLAGE OF ZALESKI
VINTON COUNTY

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

	Enterprise
Operating Receipts:	
Charges for Services	\$37,996
Miscellaneous	1,094
	39,090
Total Operating Receipts	39,090
Operating Disbursements:	
Personal Services	10,529
Contract Services	4,022
Supplies and Materials	11,797
	26,348
Total Operating Disbursements	26,348
Operating Income/(Loss)	12,742
Non-Operating Receipts:	
Transfer In	2,400
Other Non-Operating Receipts	2,670
	5,070
Total Non-Operating Receipts	5,070
Non-Operating Disbursements:	
Debt Service	5,510
Other Non-Operating Disbursements	515
	6,025
Total Non-Operating Disbursements	6,025
Income/(Loss) Before Interfund Transfers	11,787
Transfers-Out	(3,370)
	8,417
Net Income/(Loss)	8,417
Fund Cash Balances, January 1, 1999	55,027
	\$63,444
Fund Cash Balances, December 31, 1999	\$63,444

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

VILLAGE OF ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Zaleski, Vinton 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 general governmental services, including water utilities and police protection. The Village contracts with the Vinton County Sheriff’s Department to provide security of persons and property.

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 a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

C. 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 by law or contract to be restricted.

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:

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

Fire Levy Fund - This fund receives real estate and property taxes to provide fire protection for the residents of the Village.

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:

VILLAGE OF ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Enterprise Funds (Continued)

Water Revenue Fund- This fund received monies charged to residents to cover the cost of providing this utility.

Water Deposit Fund- This fund receives deposits from new water customers.

Water Reserve Fund- This fund received charges for services from residents.

Sinking Fund- This fund receives charges for services to repay the Rural Development Loan.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village 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 balances 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 canceled and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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 ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Total Column on Financial Statements

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

Note 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$114,039</u>	<u>\$100,365</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution’s public entity deposit pool.

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$17,430	\$18,740	\$1,310
Special Revenue	63,570	33,596	(29,974)
Enterprise	<u>110,745</u>	<u>44,304</u>	<u>(66,441)</u>
Total	<u>\$191,745</u>	<u>\$96,640</u>	<u>(\$95,105)</u>

2000 Budgeted VS. Actual Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$17,430	\$18,265	(\$835)
Special Revenue	63,570	19,127	44,443
Enterprise	<u>110,745</u>	<u>45,575</u>	<u>65,170</u>
Total	<u>\$191,745</u>	<u>\$82,967</u>	<u>\$108,778</u>

VILLAGE OF ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 3 - Budgetary Activity (Continued)

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$37,208	\$20,542	(\$16,666)
Special Revenue	69,591	34,526	(35,065)
Enterprise	<u>98,868</u>	<u>44,160</u>	<u>(54,708)</u>
Total	<u>\$205,667</u>	<u>\$99,228</u>	<u>(\$106,439)</u>

1999 Budgeted VS. Actual Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$29,945	\$20,591	\$9,354
Special Revenue	62,172	52,636	9,536
Enterprise	<u>94,496</u>	<u>35,743</u>	<u>58,753</u>
Total	<u>\$186,613</u>	<u>\$108,970</u>	<u>\$77,643</u>

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village. 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 payment, 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.

VILLAGE OF ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Debt

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Rural Development Loan	\$81,600	5%

The United States Department of Agriculture, Rural Development Loan relates to a water expansion project. The Rural Development has provided \$93,000 in loans to the Village for this project. The loan will be repaid average annual installments of \$5,478 over 40 years.

Amortization of the above debt, including interest of \$71,690, is scheduled as follows:

<u>Year Ending December 31:</u>	<u>General Obligation Notes</u>
2001	\$ 5,480
2002	5,510
2003	5,435
2004	5,460
2005	5,480
Subsequent	<u>125,925</u>
Total	<u>\$153,290</u>

Note 6 - 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 post-retirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% (January 1, 1999 through June 30, 2000) and 8.13% (July 1, 2000 through December 31, 2000) of participants gross salaries. As of December 31, 2000, the Village has unpaid contributions for the fourth quarter for both the employee and employer share.

VILLAGE OF ZALESKI
VINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

Note 7 - Risk Management

The Village has obtained commercial carrier insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public Officials liability

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Ohio Society of Certified Public Accountants

**Report on Compliance and on Internal Control Over Financial Reporting
Based On An Audit of Financial Statements Performed In Accordance
With *Government Auditing Standards***

Members of Council
Village of Zaleski
Zaleski, Ohio 45698

We have audited the accompanying financial statements of the Village of Zaleski, Vinton County, Ohio (the "Village"), as of and for the years ended December 31, 2000 and December 31, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 *Governmental Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Zaleski in a separate letter dated April 6, 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 a matter involving the internal control over financial reporting and its operation that does not require inclusion in this report, that we have reported to management of the Village of Zaleski in a separate letter dated April 6, 2001.

Village of Zaleski
Report on Compliance and on Internal Control
Over Financial Reporting on an Audit of Financial
Statements Performed in Accordance
With *Government Auditing Standards*
Page 2

This report is intended for the information of the audit committee, management and council members and is not intended to be and should not be used by any one other than these specified parties.

Balestra & Company
Balestra & Company
CERTIFIED PUBLIC ACCOUNTANTS
April 6, 2001



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OFFICE OF THE AUDITOR

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VILLAGE OF ZALESKI

VINTON 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 29, 2001**