



***VILLAGE OF ZALESKI
VINTON COUNTY***

Regular Audit

**For the Years Ended
December 31, 2020 and 2019**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Zaleski
PO Box 176
Zaleski, OH 45698

We have reviewed the *Independent Auditor's Report* of the Village of Zaleski, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 15, 2021

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VILLAGE OF ZALESKI, VINTON COUNTY
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For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Village of Zaleski
Vinton County
P.O. Box 176
Zaleski, OH 45698

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and related notes of the Village of Zaleski, Vinton County, Ohio (the Village) as of and for the years ended December 31, 2020 and 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the December 31, 2020 and 2019 financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of American (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020 and 2019, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Zaleski, Vinton County as of December 31, 2020 and 2019, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2 of the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2021 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

August 24, 2021

Village of Zaleski
Vinton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$5,543	\$29,597	\$35,140
Intergovernmental	15,393	78,118	93,511
Charges for Services	0	9,900	9,900
Earnings on Investments	153	0	153
Miscellaneous	9,077	0	9,077
<i>Total Cash Receipts</i>	<u>30,166</u>	<u>117,615</u>	<u>147,781</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	33,388	33,388
Leisure Time Activities	0	605	605
Basic Utility Services	11,483	0	11,483
Transportation	0	10,749	10,749
General Government	39,874	13,029	52,903
<i>Total Cash Disbursements</i>	<u>51,357</u>	<u>57,771</u>	<u>109,128</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,191)</u>	<u>59,844</u>	<u>38,653</u>
Other Financing Receipts (Disbursements)			
Advances In	20,000	0	20,000
Advances Out	0	(20,000)	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>20,000</u>	<u>(20,000)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(1,191)	39,844	38,653
<i>Fund Cash Balance, January 1</i>	<u>1,728</u>	<u>76,548</u>	<u>78,276</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$537</u></u>	<u><u>\$116,392</u></u>	<u><u>\$116,929</u></u>

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

Village of Zaleski
Vinton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$129,991
<i>Total Operating Cash Receipts</i>	129,991
Operating Cash Disbursements	
Personal Services	46,619
Contractual Services	34,598
Supplies and Materials	7,619
<i>Total Operating Cash Disbursements</i>	88,836
<i>Operating Cash Receipts Over (Under)</i> <i>Operating Cash Disbursements</i>	41,155
Non-Operating Cash Receipts (Disbursements)	
Principal Retirement	(52,868)
Interest and Other Fiscal Charges	(2,882)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(55,750)
<i>Net Change in Fund Cash Balances</i>	(14,595)
<i>Fund Cash Balances, January 1</i>	(12,759)
<i>Fund Cash Balances, December 31</i>	(\$27,354)

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

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1. DESCRIPTION OF THE ENTITY

The Village of Zaleski, Vinton County, Ohio, (the Village) is a body politic and corporate 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's management believes these financial statements present all activities for which the Village is financially accountable.

Primary Government The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The reporting entity is comprised of only the primary government. No component units or other organizations were included to ensure that the financial statements are not misleading. The Village provides general governmental services, including water and sewer utilities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Light Levy Fund - This fund is used to account for the property tax monies received to maintain, repair and replace street lighting within the Village.

COVID Fund – This fund is used to account for emergency relief grants related to the COVID-19 pandemic.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund will be used to receive charges for services from residents to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits 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.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 3. BUDGETARY BASIS OF ACCOUNTING

Budgetary activity for the year ended 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,401	\$50,166	\$30,765
Special Revenue	47,487	117,615	70,128
Enterprise	127,778	129,991	2,213
Total	\$194,666	\$297,772	\$103,106

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,129	\$51,357	(\$30,228)
Special Revenue	124,037	77,771	46,266
Enterprise	114,690	144,586	(29,896)
Total	\$259,856	\$273,714	(\$13,858)

NOTE 4. DEPOSITS AND INVESTMENTS

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

	2020
Demand Deposits	\$ 89,575

Deposits

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

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 5. 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6. DEBT

Debt outstanding at December 31, 2020 was as follows:

<u>Business-Type Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Rural Development Loan - 5%	\$38,900	\$0	\$3,500	\$35,400
KS Bank Loan - 3352986	18,825	0	4,407	14,418
KS Bank Loan - 3353743	2,196	0	509	1,687
Direct Borrowing:				
OWDA Loan #6656 - 0%	718,594	0	44,452	674,142
Total	\$778,515	\$0	\$52,868	\$725,647

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 in average annual installments of \$5,478 over 40 years from the Water Fund.

In connection with the Rural Development Loan, the Village has pledged future water collection revenues to repay this debt. The loan is payable through its final maturity solely from water collection revenues received from water customers. The revenue available for this loan for 2020 was \$52,936, and principal and interest paid was \$5,445. The coverage ratio for this loan was 9.72 for the year ended December 31, 2020.

In February of 2018, the Village obtained a six-year loan through Kansas State Bank for the purchase of a Truck with Dump Body, plow and refinance for Cash Loader Backhoe in the amount of \$27,998. Payments will be made annually from the Sewer Fund in the amount of \$5,234; including interest.

In July of 2018, the Village obtained a five-year loan through Kansas State Bank for the purchase of a Bucket Truck in the amount of \$2,702. Payments will be made annually from the Sewer Fund in the amount of \$619; including interest.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 6. DEBT (Continued)

Direct Borrowing

Ohio Water Development Authority (OWDA) Debt

In 2014, the Village entered into a loan with OWDA (#6656) for the purpose of a new wastewater treatment system. This loan repaid the initial planning and design OWDA loan #5108 as construction of the wastewater treatment system began in 2014. During 2020, no additional monies were disbursed to the Village and \$44,452 was paid by the Village. As of the end of 2020, the loan had not been fully disbursed and therefore the repayment schedule has not been issued and is not reflected within the amortization schedule below.

The OWDA loan contains provisions that in an event of default, (1) the amount of each default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the Village shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	Rural Development Loan		KS Bank Loans	
	Principal	Interest	Principal	Interest
2021	\$3,700	\$1,770	\$5,136	\$717
2022	3,900	1,585	5,365	488
2023	4,100	1,390	5,604	249
2024	4,300	1,185	0	0
2025	4,500	970	0	0
2026-2028	14,900	1,515	0	0
Total	<u>\$35,400</u>	<u>\$8,415</u>	<u>\$16,105</u>	<u>\$1,454</u>

NOTE 7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

NOTE 8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

NOTE 10. CONTINGENT LIABILITIES

Litigation

The Village is not currently party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 11. COMPLIANCE

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated. At December 31, 2020, expenditures exceeded appropriations in several Village Funds.

Ohio Rev. Code § 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. There was a negative cash fund balance in the amount of \$57,561 in the Sewer Fund which is contrary to this section of the Ohio Rev. Code.

NOTE 12. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had none of these balances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLES

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 14. INTERFUND BALANCES

Outstanding advances at December 31, 2020, consisted of \$20,000 advanced to the General fund from the M&R fund to provide working capital for operations.

NOTE 15. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Zaleski
Vinton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$5,585	\$27,779	\$33,364
Intergovernmental	16,432	30,928	47,360
Charges for Services	0	7,650	7,650
Earnings on Investments	375	0	375
Miscellaneous	6,169	0	6,169
<i>Total Cash Receipts</i>	<u>28,561</u>	<u>66,357</u>	<u>94,918</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	24,214	24,214
Leisure Time Activities	0	5,426	5,426
Basic Utility Services	85	0	85
Transportation	0	80,357	80,357
General Government	26,901	39,934	66,835
<i>Total Cash Disbursements</i>	<u>26,986</u>	<u>149,931</u>	<u>176,917</u>
<i>Net Change in Fund Cash Balances</i>	1,575	(83,574)	(81,999)
<i>Fund Cash Balance, January 1</i>	<u>153</u>	<u>160,122</u>	<u>160,275</u>
Fund Cash Balances, December 31			
Restricted	0	76,548	76,548
Unassigned	1,728	0	1,728
<i>Fund Cash Balances, December 31</i>	<u>\$1,728</u>	<u>\$76,548</u>	<u>\$78,276</u>

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

Village of Zaleski
Vinton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$132,340
Miscellaneous	79
	132,419
Operating Cash Disbursements	
Personal Services	51,955
Contractual Services	47,195
Supplies and Materials	17,409
	116,559
<i>Operating Cash Receipts Over (Under)</i> <i>Operating Cash Disbursements</i>	15,860
Non-Operating Cash Receipts (Disbursements)	
Capital Outlay	(25,000)
Principal Retirement	(52,513)
Interest and Other Fiscal Charges	(2,616)
	(80,129)
<i>Net Change in Fund Cash Balances</i>	(64,269)
<i>Fund Cash Balances, January 1</i>	51,510
<i>Fund Cash Balances, December 31</i>	(\$12,759)

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

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1. DESCRIPTION OF THE ENTITY

The Village of Zaleski, Vinton County, Ohio, (the Village) is a body politic and corporate 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's management believes these financial statements present all activities for which the Village is financially accountable.

Primary Government The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The reporting entity is comprised of only the primary government. No component units or other organizations were included to ensure that the financial statements are not misleading. The Village provides general governmental services, including water and sewer utilities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

M&R Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Light Levy Fund - This fund is used to account for the property tax monies received to maintain, repair and replace street lighting within the Village.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund will be used to receive charges for services from residents to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits 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.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The Village classifies assets as ***nonspendable*** when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is ***restricted*** when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can ***commit*** amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as ***restricted*** or ***committed***. Governmental funds other than the general fund report all fund balances as ***assigned*** unless they are restricted or committed. In the general fund, ***assigned*** amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 3. BUDGETARY BASIS OF ACCOUNTING

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,311	\$28,561	\$15,250
Special Revenue	53,995	66,357	12,362
Enterprise	120,000	132,419	12,419
Total	\$187,306	\$227,337	\$40,031

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,530	\$26,986	(\$12,456)
Special Revenue	213,397	149,931	63,466
Enterprise	169,166	196,688	(27,522)
Total	\$397,093	\$373,605	\$23,488

NOTE 4. DEPOSITS AND INVESTMENTS

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

	2019
Demand Deposits	\$ 65,517

Deposits

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

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 5. 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6. DEBT

Debt outstanding at December 31, 2019 was as follows:

<u>Business-Type Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Rural Development Loan - 5%	\$42,200	\$0	\$3,300	\$38,900
OWDA Loan #6656 - 0%	763,079	0	44,485	718,594
KS Bank Loan - 3352986	23,047	0	4,222	18,825
KS Bank Loan - 3353743	2,702	0	506	2,196
Total	\$831,028	\$0	\$52,513	\$778,515

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 in average annual installments of \$5,478 over 40 years from the Water Fund.

In connection with the Rural Development Loan, the Village has pledged future water collection revenues to repay this debt. The loan is payable through its final maturity solely from water collection revenues received from water customers. The revenue available for this loan for 2019 was \$57,703, and principal and interest paid was \$5,410. The coverage ratio for this loan was 10.67 for the year ended December 31, 2019.

In 2014, the Village entered into a loan with OWDA (#6656) for the purpose of a new wastewater treatment system. This loan repaid the initial planning and design OWDA loan #5108 as construction of the wastewater treatment system began in 2014. During 2019, no additional monies were disbursed to the Village and \$44,485 was paid by the Village. As of the end of 2019, the loan had not been fully disbursed and therefore the repayment schedule has not been issued and is not reflected within the amortization schedule below.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6. DEBT (Continued)

In February of 2018, the Village obtained a six-year loan through Kansas State Bank for the purchase of a Truck with Dump Body, plow and refinance for Cash Loader Backhoe in the amount of \$27,998. Payments will be made annually from the Sewer Fund in the amount of \$5,234; including interest.

In July of 2018, the Village obtained a five-year loan through Kansas State Bank for the purchase of a Bucket Truck in the amount of \$2,702. Payments will be made annually from the Sewer Fund in the amount of \$619; including interest.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	Rural Development Loan		KS Bank Loans	
	Principal	Interest	Principal	Interest
2020	\$3,500	\$1,945	\$4,916	\$937
2021	3,700	1,770	5,136	717
2022	3,900	1,585	5,365	488
2023	4,100	1,390	5,604	249
2024	4,300	1,185	0	0
2025-2028	19,400	2,485	0	0
Total	<u>\$38,900</u>	<u>\$10,360</u>	<u>\$21,021</u>	<u>\$2,391</u>

NOTE 7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

NOTE 8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Village of Zaleski
Vinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

NOTE 10. CONTINGENT LIABILITIES

Litigation

The Village is not currently party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 11. COMPLIANCE

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated. At December 31, 2019, expenditures exceeded appropriations in several Village Funds.

Ohio Rev. Code § 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. There was a negative cash fund balance in the amount of \$40,514 in the Sewer Fund which is contrary to this section of the Ohio Rev. Code.

NOTE 12. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Zaleski, Vinton County
P.O. Box 176
Zaleski, OH 45698

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Zaleski, Vinton County, Ohio (the Village), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 24, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods of the Village.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material misstatement, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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. We consider finding 2020-001 to be a material weakness.

Village Council
Village of Zaleski, Vinton County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-005.

Entity's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

August 24, 2021

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2020-001

Noncompliance and Material Weakness

Ohio Rev. Code § 149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

Ohio Admin. Code § 117-2-02(A) provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code § 117-2-02(B) further provides that the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure completeness is achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it. The definition of the completeness assertion is that all account balances and transactions that should be included in the financial records are included.

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The following items were noted during testing of the Village's vouchers and debt for the years ended December 31, 2020 and 2019:

1. In 2020 and 2019, the Village is paying late fees on their OWDA loan.

These practices could result in unauthorized purchases or incorrect or duplicate payments. Furthermore, issuing checks with a different check number than the number generated in the accounting system makes it difficult to find the voucher/invoice.

The Village should make no payment from the Village Treasury that is not supported by an approved voucher package that would include, at a minimum, an original invoice or receipt for expenditures. All agreements and other accounting records should be maintained in a manner and location which would allow Village officials to be able to locate them. The Village should also establish control procedures that would allow them to determine the completeness and existence of expenditures and require all supporting documentation to be maintained in order for the Village to ensure that all disbursements are accurate and appropriate. The Village Fiscal Officer should ensure that the check number agrees to the check number entered into the system.

Officials' Response:

The Village has new administration. New Administration is aware of this weakness and currently working hard to fix weakness and comply with this and all findings.

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

Finding Number 2020-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2020, expenditures exceeded appropriations, as follows:

	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$14,530	\$39,874	(\$25,344)
Fire Contracts Fund	1,800	3,027	(1,227)
COVID Fund	0	23,373	(23,373)
Water Fund	48,803	50,483	(1,680)
Sewer Fund	31,486	94,102	(62,616)

At December 31, 2019, expenditures exceeded appropriations, as follows:

	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$14,530	\$26,986	(\$12,456)
Fire Contract	9,300	9,662	(362)
Fire Levy	1,800	14,552	(12,752)
M&R	21,528	61,773	(40,245)
St Light	20,000	39,934	(19,934)
St Repair	9,684	16,549	(6,865)
Park	3,552	5,426	(1,874)
Water	48,803	49,158	(355)
Sewer	73,816	116,785	(42,969)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Village.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village Council should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Officials' Response:

The Village has new administration. New Administration is aware of this weakness and currently working hard to fix weakness and comply with this and all findings.

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

<i>Finding Number 2020-003</i>

Noncompliance

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2020, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances were as follows:

	Approved	System	Variance
General Fund	\$21,129	\$49,132	(\$28,003)
Fire Contracts Fund	13,424	9,900	3,524
Fire Levy Fund	8,714	7,028	1,686
Highway Fund	21,065	1,608	19,457
M & R Fund	45,395	22,216	23,179
Street Lighting Fund	21,707	12,279	9,428
Street Repair Fund	11,216	8,799	2,417
Park Fund	2,516	2,459	57
COVID	0	51,978	(51,978)
Water Fund	65,659	52,936	12,723
Sewer Fund	31,486	77,055	(45,569)
GWD	307	0	307
Reserves	14,805	0	14,805
Sinking	959	0	959
NOW	1,474	0	1,474

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

At December 31, 2019, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances were as follows:

	<u>Approved</u>	<u>System</u>	<u>Variance</u>
General Fund	\$14,530	\$28,562	(\$14,032)
Fire Contracts Fund	15,320	8,820	6,500
Fire Levy Fund	18,741	16,383	2,358
Highway Fund	21,957	1,296	20,661
M & R Fund	76,278	15,987	60,291
Street Lighting Fund	43,820	12,477	31,343
Street Repair Fund	32,554	8,895	23,659
Park Fund	4,727	2,499	2,228
Water Fund	48,803	57,778	(8,975)
Sewer Fund	83,505	74,641	8,864
GWD	307	0	307
Reserves	34,118	0	34,118
Sinking	959	0	959
NOW	1,474	0	1,474

At December 31, 2020, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances were as follows:

	<u>Approved</u>	<u>System</u>	<u>Variance</u>
General Fund	\$21,129	\$39,874	(\$18,745)
Fire Contracts Fund	13,424	3,027	10,397
Fire Levy Fund	8,714	6,988	1,726
Highway Fund	21,065	2,433	18,632
M & R Fund	45,395	5,701	39,694
Street Lighting Fund	21,707	13,029	8,678
Street Repair Fund	11,216	2,615	8,601
Park Fund	2,516	605	1,911
COVID	0	23,373	(23,373)
Water Fund	65,659	50,483	15,176
Sewer Fund	31,486	94,102	(62,616)
GWD	307	0	307
Reserves	14,805	0	14,805
Sinking	959	0	959
NOW	1,474	0	1,474

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

At December 31, 2019, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances were as follows:

	<u>Approved</u>	<u>System</u>	<u>Variance</u>
General Fund	\$14,530	\$26,986	(\$12,456)
Fire Contracts Fund	15,320	9,662	5,658
Fire Levy Fund	18,741	14,552	4,189
Highway Fund	21,957	2,036	19,921
M & R Fund	76,278	61,773	14,505
Street Lighting Fund	43,820	39,934	3,886
Street Repair Fund	32,554	16,549	16,005
Park Fund	4,727	5,426	(699)
Water Fund	48,803	49,158	(355)
Sewer Fund	83,505	116,785	(33,280)
GWD	307	0	307
Reserves	34,118	0	34,118
Sinking	959	0	959
NOW	1,474	0	1,474

Due to budgetary information being improperly entered into the system, the management of the Village lost some degree of budgetary control. An adjustment was made in the budgetary activity reported in Note 3 to the 2020 financial statements and the 2019 financial statements in order to accurately present estimated receipts and appropriations as approved by the Budget Commission and Village Council, respectively.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Village Council only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response:

The Village has new administration. New Administration is aware of this weakness and currently working hard to fix weakness and comply with this and all findings.

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

Finding Number 2020-004

Noncompliance

Ohio Rev. Code § 117.38 provides that cash basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfilled, not to exceed seven hundred fifty dollars.

The report shall contain the amount of: (1) receipts, and amounts due from each source; (2) expenditures for each purpose; (3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The Village prepares cash-basis financial reports. Accordingly, the financial reports were required to be submitted to the Auditor of State within sixty days of the year end. However, the Village did not file the annual report for the years ending December 31, 2019 until October 5, 2020. This was because the Village did not prepare or maintain proper financial records during the year.

The Village Fiscal Officer should prepare the annual reports timely based upon financial information in their accounting system. The report should be filed with the Auditor of State within sixty days of fiscal year end. The Village should implement proper systems and procedures to ensure that the financial report is timely and accurately prepared utilizing their records. This will help ensure complete and proper records are prepared and filed timely.

Officials' Response:

The Village has new administration. New Administration is aware of this weakness and currently working hard to fix weakness and comply with this and all findings.

Finding Number 2020-005

Noncompliance

Ohio Rev. Code § 5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund.

At December 31, 2020, the Village's Sewer Fund had a negative fund balance of \$40,514. At December 31, 2019, the Village's Sewer Fund had a negative fund balance of \$57,561.

Deficits were caused by a lack of budgetary oversight by management.

We recommend the Fiscal Officer and the Village Council monitor fund activity throughout the year to help prevent future expenditures from exceeding available resources, thus resulting in a cash flow problem.

Officials' Response:

The Village has new administration. New Administration is aware of this weakness and currently working hard to fix weakness and comply with this and all findings.

VILLAGE OF ZALESKI, VINTON COUNTY
Zaleskitownhall1@gmail.com

Schedule of Prior Audit Findings
For the Years Ended December 31, 2020 and 2019

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2018-001	Material Weakness and Noncompliance with Ohio Admin. Code 117-2-02(A) for failure to maintain adequate accounting records.	Not Corrected	Reissued as Finding 2020-001
2018-002	Noncompliance with Ohio Rev. Code 5705.41(B) expenditures exceeded appropriations.	Not Corrected	Reissued as Finding 2020-002
2018-003	Noncompliance with Ohio Rev. Code 5705.41(D) use of purchase orders, blanket certificates, or super blankets.	Corrected	N/A
2018-004	Material Weakness and Noncompliance with Ohio Admin. Code 117-2-02(A) for failure to maintain adequate accounting records.	Corrected	N/A
2018-005	Material Weakness and Noncompliance with Ohio Admin. Code 117-2-02(C)(1) budgetary records did not agree to accounting records.	Not Corrected	Reissued as Finding 2020-003
2018-006	Noncompliance with Ohio Rev. Code 117.38 filed report late.	Not Corrected	Reissued as Finding 2020-004

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ZALESKI

VINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/4/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov